



Mr. Clinton and his wife, Hillary, with Mr. Gephardt, left, and Mr. Daschle, about to leave Washington on Tuesday for the funeral of former Senator Albert Gore, the vice president's father, in Nashville, Tennessee.

Follow U.S. Strategy, Albright Urges NATO

Future Threats Require New Vision, She Says

By William Drozdzik
Washington Post Service

BRUSSELS — In an ambitious appeal to expand NATO's strategic horizons, the U.S. secretary of state, Madeleine Albright, urged the European allies on Tuesday to embrace an American vision of the Western military alliance to cope with more distant threats in the 21st century.

Mrs. Albright told a meeting of NATO foreign ministers that the world's changing security environment meant that "a ballistic missile attack using a weapon of mass destruction from a rogue state" now posed as much

Europeans disagree with a U.S. strategy for NATO. Page 6

a threat to their security as did the Pact tank did two decades ago.

"We must be prepared because we know that events beyond NATO's immediate borders can affect vital alliance interests," Mrs. Albright said. "Common sense tells us that it is sometimes better to deal with instability when it is still at arm's length than to wait until it is at our doorstep."

Several ministers noted that the debate about the destiny of the North At-

lantic Treaty Organization has barely been broached only five months before alliance leaders are scheduled to gather in Washington to mark its 50th anniversary and to approve a security blueprint that will chart its future course.

Since NATO's last strategic review

seven years ago, its original purpose of containing the threat of communist expansion has expired with the collapse of the Soviet Union's empire. There are

sharp differences over the scope of

NATO's future mission and the authority under which the alliance should act.

Some European governments fear that

dragging into distant conflicts and insist that their strategic interests are

much narrower than those of the United

States. Others are worried that an ex-
pansive NATO vision could foster rival

regional security blocks, especially if the

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Word War I / Rival Electronic Bookstores Prepare for Battle

Buying Books On-Line Just Got Interesting

By Elisabeth Bumiller
New York Times Service

NEW YORK — Here is a great war story. On one side is Amazon.com Inc., the giant on-line bookseller (market value: \$3.5 billion), led by its 35-year-old Seattle-based founder, Jeffrey Bezos. On the other side is Barnesandnoble.com Inc., the small but aggressive No. 2 with the brand name and a very rich partner (Bertelsmann AG), led by our subject today, Jonathan Bulkeley.

Mr. Bulkeley, 38, who started America Online's British operation, was hired last month in an attempt to make Mr. Bezos as miserable as possible.

He starts Jan. 4 at the new Barnesandnoble.com headquarters on Ninth Avenue at 15th Street, in a Port Authority warehouse renovated into a post-modern lair of exposed computer cables and sleek cement floors.

Thomas Middelhoff, the Bertelsmann chief executive who hired him — and invested \$300 million for a 50 percent stake in Barnesandnoble.com — said Monday that Mr. Bulkeley was "the answer to Jeff Bezos. The future will show who will be better, Jeff or Jonathan. Personally, I bet on Jonathan. Jonathan is one of the reasons that Bertelsmann invested so heavily in the Barnesandnoble.com venture. I believe that for the first time ever Jeff will have real competition."

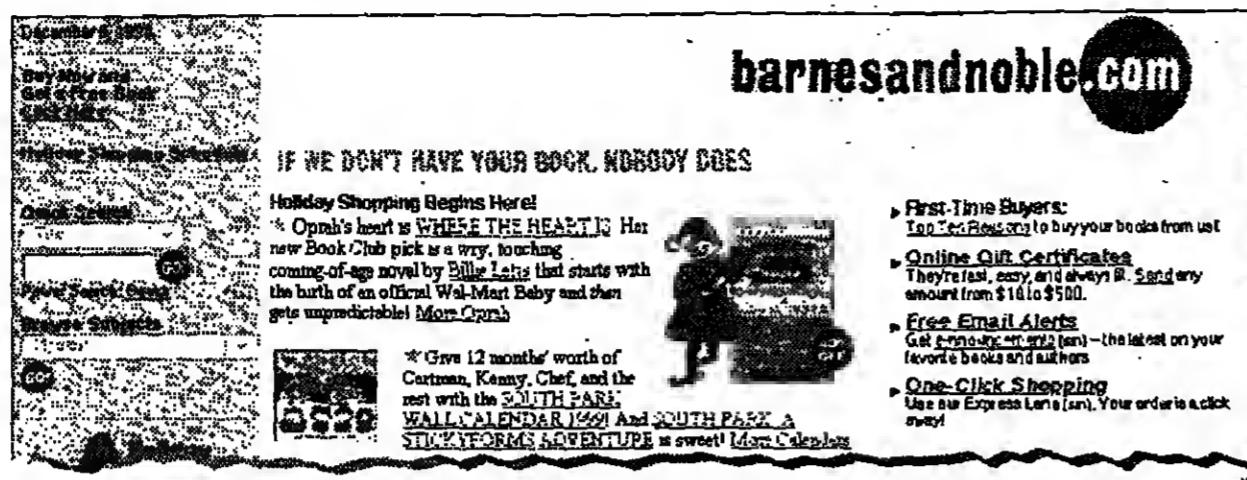
The response from Mr. Bezos? Kay Dangaro, his spokeswoman: "About 18 months ago, somebody said we were Amazon.toast because Barnes & Noble was coming on-line. And 18 months later, we're 12 times bigger than Barnesandnoble.com. I think it's wonderful to be in a position where other people are trying to be you."

So there was Mr. Bulkeley in his office last week, sounding necessarily tough. "It's early," he said. "We're motivated. We've got a killer team."

He estimated Barnesandnoble.com had about 10 percent of the on-line bookstore market compared with what he said was Amazon.com's 30 percent, although no one knows for sure.

Interestingly, Mr. Bulkeley was working at America Online's headquarters in Virginia in 1994 when AOL called Barnes & Noble to set up an on-line bookstore. "They never called back," he said.

In 1994, Amazon.com was up and running; Barnes & Noble finally crept on-line in 1997.



IF WE DON'T HAVE YOUR BOOK, NOBODY DOES

Holiday Shopping Begins Here!
* Oprah's list is WHERE THE HEART IS Her new Book Club pick is a try, launching a coming-of-age novel by Billy Liar that starts with the birth of an official Wal-Mart Baby and then gets unpredictable. More Coming...

* Give 12 month worth of Content, Keep! Cheaper and the best with the SOUTH PARK WALL CALENDAR 1999 and SOUTH PARK: A STUPID FORM OF ADVENTURE is sweet! More Coming...

"But let's take this all in perspective," Mr. Bulkeley said. "Three years does not end the war."

Mr. Bulkeley ticked off what he saw as the advantages of Barnesandnoble.com: Some 4.5 million titles compared with Amazon.com's 3 million; better access to out-of-print, used and rare books, and a brand name that will mean something to the millions of new customers expected to buy on-line in the coming years. Industry analysts describe Amazon.com's current 4.5 million customers as the "Internet elite."

(On Monday, in a blow to Amazon, Microsoft named Barnesandnoble.com the exclusive bookseller on its MSN network of World Wide Web sites. The New York Times, an owner of The International Herald Tribune, has a marketing partnership with Barnes & Noble that allows readers of the newspaper's Web site to order books directly from the bookseller.)

MR. BULKELEY also said that Barnes & Noble's purchase last month of the Ingram Book Group, the nation's leading book wholesaler, had the potential to speed up the delivery of a Barnesandnoble.com book to consumers.

Right now, if a Denver resident buys a Barnesandnoble.com book that isn't in the company's distribution center in New Jersey but is available in Ingram's Denver warehouse (one of 11 around the country), the book goes first to the distribution center in New Jersey, then back to the Denver customer.

"That's called inefficient," Mr. Bulkeley said. His hope is eventually to send the book directly. "Does that win the game?" he asked. "No. Does it help? Yeah."

Ingram also supplies more than half of Amazon.com's books, which Mr. Bulkeley said would continue.

"Ingram sells to everybody and will continue to sell to everybody," he said.

MR. BULKELEY, who is prematurely bald and has the manner of a genial salesman, grew up in Hartford, Connecticut.

After graduating from university in 1982 he landed in New York as an ad sales rep for PC Jr., a magazine that followed IBM's computer of the same name. He went on to Time Warner, where he was publisher of a college magazine that is now defunct, and then Money, where he sold Money products as "Wealth Builder," a software program that provided early on-line access. "I thought, 'This is cool,'" Mr. Bulkeley said.

By 1993 he was at AOL, where he worked to persuade media companies — including The New York Times — to go on-line, back in the pre-World Wide Web dark ages.

In 1995 Mr. Bulkeley went to London to start AOL UK, a subsidiary of AOL Europe, which is half-owned by Bertelsmann. In three years, Mr. Bulkeley got the company 500,000 customers — and impressed Mr. Middelhoff, the Bertelsmann chief. "After one year he was profitable," Mr. Middelhoff said.

One of his first jobs is to take Barnesandnoble.com public this spring. One of his first problems is to figure out what to do about people who can't find Barnesandnoble.com at all because they are typing the brick and mortar store's ampersand — a symbol that doesn't work on the Internet.

"Give me a couple of days," Mr. Bulkeley said.

obligations, a first step toward lifted sanctions imposed in 1990.

Some council members have begun to discuss among themselves what should be done if Iraq does not qualify. "What we're getting now is not full cooperation," one of these diplomats said.

Mr. Butler outlined the five essential components of inspection work requiring Iraqi cooperation: access to documents, monitoring, interviews with knowledgeable officials, visits to sites his commission has previously listed as requiring close observation because they are places where weapons development work might take place, and, finally, disarmament inspections.

"We have restored our work in the first four areas," he said. "We are about to begin our work in the last of them."

Mr. Butler acknowledged that inspectors had not yet got the cooperation they requested on access to documents, but he refused to begin "slicing off" parts of his overall report ahead of time. "I'm not going to make a judgment now on full cooperation," he said. "I told the council that this is a holistic operation."

TRAVEL UPDATE

French Rail Workers

Vote to Prolong Strike

PARIS (Reuters) — Train conductors in several regions of France voted Tuesday to prolong their strike, which has been disrupting train traffic for 12 days.

The vote by the conductors, who are demanding an increase in staff, came despite progress toward an agreement during talks late Monday between unions and management of the state rail road, the SNCF.

The strike is expected to continue disrupting train traffic in the regions near Tours, Nantes, Montpellier, Lyon and Nancy.

Rome Bans Traffic

From Its Main Square

ROME (AP) — Rome's mayor decreed Tuesday that Piazza del Popolo should be a piazza for pedestrians, banning the cars that had turned the city's largest square into a giant parking lot.

Hundreds gathered for a ceremony that made the transition to a car-free zone official, applauding when Mayor Francesco Rutelli said, "In this piazza there will be no more cars, forever more!"

The ceremony followed a \$2.1 million restoration of the square.

Heavy monsoon rains combined with high tides have caused flash floods in one of Singapore's historic districts, the meteorological department said Tuesday. Parts of Chinatown were inundated Monday with more than a meter of water that stopped traffic and damaged shops, The Straits Times reported. (AP)

The Strasbourg airport remained paralyzed for a second day Tuesday as its fire-fighters continued a strike to demand full employee status, airport authorities said. Passengers were being shuttled by bus to other airports. (AP)

Greece's national museums and archaeological sites shut down Tuesday as Culture Ministry staff called a 48-hour strike to protest changes in their pensions, union sources said. (AP)

WEATHER

Europe Forecast for Thursday through Saturday, as provided by AccuWeather.



Map, forecasts and data provided by AccuWeather, Inc. <http://www.accuweather.com>

Asia

Today High Low W. Today High Low W.

Almaty 64°F 32°F 64°F 61°F 32°F 61°F

Baku 33°F 22°F 33°F 31°F 21°F 31°F

Beijing 73°F 56°F 73°F 72°F 56°F 72°F

Calcutta 80°F 68°F 80°F 79°F 68°F 79°F

Chengdu 58°F 45°F 58°F 55°F 45°F 55°F

Guangzhou 73°F 56°F 73°F 72°F 56°F 72°F

Hanoi 71°F 54°F 71°F 68°F 54°F 68°F

Ho Chi Minh 73°F 56°F 73°F 68°F 56°F 68°F

India 73°F 56°F 73°F 68°F 56°F 68°F

Indonesia 73°F 56°F 73°F 68°F 56°F 68°F

Japan 64°F 45°F 64°F 56°F 45°F 56°F

Kuala Lumpur 73°F 56°F 73°F 68°F 56°F 68°F

Manila 73°F 56°F 73°F 68°F 56°F 68°F

Macau 73°F 56°F 73°F 68°F 56°F 68°F

Malaysia 73°F 56°F 73°F 68°F 56°F 68°F

New Delhi 73°F 56°F 73°F 68°F 56°F 68°F

Phuket 73°F 56°F 73°F 68°F 56°F 68°F

South Korea 73°F 56°F 73°F 68°F 56°F 68°F

Singapore 73°F 56°F 73°F 68°F 56°F 68°F

Taiwan 73°F 56°F 73°F 68°F 56°F 68°F

Taipei 73°F 56°F 73°F 68°F 56°F 68°F

Tokyo 73°F 56°F 73°F 68°F 56°F 68°F

Vietnam 73°F 56°F 73°F 68°F 56°F 68°F

Weather.com

Today High Low W. Today High Low W.

Africa

Algeria 55°F 45°F 55°F 45°F 45°F 45°F

Carabobo 28°F 18°F 28°F 20°F 18°F 20°F

Harare 64°F 54°F 64°F 54°F 54°F 54°F

Johannesburg 73°F 56°F 73°F 68°F 56°F 68°F

Nairobi 73°F 56°F 73°F 68°F 56°F 68°F

Tanzania 73°F 56°F 73°F 68°F 56°F 68°F

Latin America

Bolivia 64°F 54°F 64°F 54°F 54°F 54°F

Caracas 21°F 12°F 21°F 20°F 12°F 20°F

Colombia 21°F 12°F 21°F 20°F 12°F 20°F

Guatemala 73°F 56°F 73°F 68°F 56°F 68°F

Honduras 73°F 56°F 73°F 68°F 56°F 68°F

Argentina 73°F 56°F 73°F 68°F 56°F 68°F

Buenos Aires 73°F 56°F 73°F 68°F 56°F 68°F

Uruguay 73°F 56°F 73°F 68°F 56°F 68°F

Chile 73°F 56°F 73°F 68°F 56°F 68°F

Peru 73°F 56°F 73°F 68°F 56°F 68°F

Argentina 73°F 56°F 73°F 68°F 56°F 68°F

THE AMERICAS

Dropping Campaign Inquiry, Reno Eases Clinton's Load

By James Bennett
New York Times Service

WASHINGTON — More than two years of uproar and investigation — into White House coffees and endless advertising, mysterious gardeners and munificent nuns, Indonesian bankers and Arkansas restaurants — have faded further into the background with Attorney General Janet Reno's decision to recommend an independent counsel to investigate President Bill Clinton's role in 1996 campaign commercials.

The decision lightens Mr. Clinton's load of troubles, coming as it does after the independent counsel Kenneth Starr dropped several lines of inquiry and the Paula Jones sexual misconduct suit was settled. The president would have cause to celebrate, if not for an impending impeachment vote over the Monica Lewinsky matter.

The decision also strengthens what is emerging as the one unbreakable campaign-finance rule for any presidential aspirant who hopes to be competitive: Almost anything goes.

On the final day of a 90-day review period provided under the independent counsel law, Ms. Reno concluded Monday that no further criminal investigation of Mr. Clinton was warranted because there was "clear and convincing evidence that the president and vice president lacked the criminal intent to violate the law." The conclusion was based on Ms. Reno's finding that their decisions had been

guided by legal advice that their campaign advertisements were lawful.

Ms. Reno did not reach any judgment on the actual legality of the advertisements' financing. But she said the laws that regulated them were ambiguous, noting that members of the Federal Election Commission just last week described the standards as "fuzzy" and "hardly clear."

The commission is expected to consider at meetings this week whether the 1996 advertising campaigns of both the Democratic and Republican parties amounted to civil violations of election law.

But Mr. Clinton is not out of the woods on the matter. A Justice Department task force will keep investigating possible campaign-finance abuses, and the few journalists who are still digging into the 1996 campaign may yet find something damaging to the president.

Ms. Reno also could still recommend that an independent counsel investigate a similarly related matter involving Harold Ickes, the former deputy White House chief of staff.

But even if Ms. Reno takes that step, it poses little threat to Mr. Clinton. After Mr. Starr got permission to expand his investigation from real-estate deals to presidential affairs, future independent counsels are likely to be kept on a tighter leash.

Ms. Reno had already effectively dismissed most of the accusations of shady

dealings on the part of Mr. Clinton in financing his re-election campaign.

Three months ago, however, she ordered a review of whether Mr. Clinton violated campaign finance rules in promoting his re-election in 1996 with commercials paid for by the Democratic National Committee.

Mr. Clinton had a strong defense: He had listened to his lawyers every step of the way. But, more important, he did not need a strong defense, because of the profound weakness of the campaign-finance rules he was accused of violating.

As long as the commercials did not expressly advocate the election or defeat of a candidate, Mr. Clinton was advised, they did not have to be paid for with federally regulated campaign money, which is given in limited amounts. Instead, they could be paid for by the party with the unrestricted donations known as soft money.

"We realized we could run these ads through the Democratic Party, which meant we could raise money in \$20,000 and \$50,000 and \$100,000 wads," Mr. Clinton told a group of donors two years ago.

It was to snitch up such "wads" that the Democrats engaged in the practices that produced the biggest scandal of Mr. Clinton's presidency, until the next scandal came along.

The commercials, which began to be broadcast as early as August 1995, never explicitly urged a vote for the president. But they were not subtle. "Dole-Gingrich vote no

— no to America's families," one advertisement said, fusing Senator Bob Dole — who as expected became the Republican nominee for president against Mr. Clinton — to Newt Gingrich, the unpopular then-speaker of the House of Representatives.

For their part, the Republicans paid for commercials providing a stirring biography of Mr. Dole and argued that such advertising did not call for anyone's election.

Despite the Republican cries of outrage Monday, the political market has long since discounted the decision. That is, politicians who have lambasted Mr. Clinton for his practices have also studied them closely and have been following his example without fear of possible prosecution.

In this year's congressional election campaign, for example, the Republicans used soft money to pay for commercials assailing Mr. Clinton over his affair with Ms. Lewinsky, and presidential hopefuls for the 2000 election have already begun raising soft money to pay for advertising.

Mr. Reno's decision suggests that such candidates may have less reason to fear the kind of aggressive investigation that could lead to a tightening of campaign-financed laws. But Representative Christopher Shays, Republican of Connecticut, who is pushing one such measure, said he did not necessarily agree.

"The system is broken and needs to be fixed," he said. "Soft money is the loophole that ate the law."

POLITICAL NOTES

Social Security Reform Plans Include First Stock Investment

WASHINGTON — The Clinton administration has narrowed its quest for a way to avert the looming insolvency of Social Security to a series of proposals that would include some form of stock market investment for the first time.

At the same time, administration officials are working to appease congressional Democrats and the party's key constituents by preserving elements of the existing retirement system and by trying to ensure that the program gives the greatest help to people who need it most.

This difficult balancing act — leaning on Wall Street without sacrificing the program's guiding values — is the course President Bill Clinton appears to be charting as he sets out to make an overhaul of Social Security his main domestic priority for the coming year.

To explore how such a formulation might work, a small team of top administration economic advisers has been concentrating since early this fall on five potential reform plans, according to administration sources. Mr. Clinton has attended at least a half-dozen of the team's meetings.

All five plans contain the once-heretical idea, now favored by many Republicans, of harnessing the power of equity investments to stretch Social Security revenue. The plans vary significantly, however, in how much they rely on the stock market and in who takes responsibility for investing the funds — the government or individuals.

Three versions would require people to establish private investment accounts, while two would permit such accounts on a voluntary basis. Similarly, two plans would divert some payroll taxes from the program's trust fund, while three would not. And certain plans would force retirees to wait longer to become eligible for the program or give them fewer benefits once they do.

They also would use different methods of protection. One would allow retirees whose private investments fare poorly to draw bigger checks.

Opening a meeting Tuesday on Social Security reform, President Clinton told lawmakers and policy advocates: "Our ears and our minds must remain open to any good idea and to any person of good will." (WP)

Quote/Unquote

Gregory Craig, a White House special counsel, as he opened the defense of President Clinton before the House Judiciary Committee: "As surely as we all know that what he did is sinful, we also know it is not impeachable." (AP)



TAILS IT IS — Mary Ellen Withrow, the U.S. treasurer, showing off a freshly minted Delaware quarter, one of 50 new state versions. Caesar Rodney, a Revolutionary War figure, is featured.

Away From Politics

• Fumes from a cooking grill killed three Pennsylvania men trying to keep warm while sleeping in tents during a weekend fishing trip in New Jersey. (AP)

• George Roden, 60, the former Branch Davidian leader who had been in state care since he was declared insane in 1989, was found dead outside a mental institution in Big Spring, Texas. He had escaped and apparently died of a heart attack. (AP)

• A former cabinet maker who killed three women in separate 1987 attacks was executed by lethal injection Monday at a state prison in Huntsville, Texas. (Reuters)

• The Roman Catholic Diocese in Rochester, New York, has suspended a priest who conducted same-sex weddings, served Holy Communion to non-Catholics and allowed a woman to perform priest-like duties. (AP)



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Hearings at the Capitol / The President's Side

What Clinton Defenders Told House Committee



Greg Gibson/The Associated Press

The Associated Press
This is a partial text of statements by witnesses for President Bill Clinton on Tuesday before the House Judiciary Committee.

The first to speak was Greg Craig, White House special counsel:

The time has finally come for the president to make his case and to give his side of the story. Over the next two days, we will present to this committee, to the Congress and to the country as a whole a powerful case based on the facts already in the record and on the law, a powerful case against the impeachment of this president.

During our presentation today and tomorrow, we will show from our history and our heritage, from any fair reading of the Constitution and from any fair sounding of our countrymen and women that nothing in this case justifies this Congress overturning a national election and removing our president from office.

As we begin this undertaking, I make only one plea to you. And I hope it is not a futile one, coming this late in the process: Open your mind; open your heart; and focus on the record.

As you sit there listening to me at this moment, you may already be determined to vote to approve some articles of impeachment against this president. That is your right and your duty if you believe the facts and the law justify such a vote.

But there is a lot of conventional wisdom about this case that is just plain wrong. And if you are, in fact, disposed to vote for impeachment, in the name of a justice that is fair and blind and impartial, please do so only on the basis of the real record and on the real testimony, not on the basis of what someone else tells you is in the record.

By the close of tomorrow, all the world will see one simple and undeniable fact. Whatever there is in the record that shows that what the president did was wrong and blameworthy, there is nothing in the record in either the law or the facts that would justify his impeachment and removal from office.

In truth, I would not be fairly representing President Clinton if I did not convey to you his profound and powerful regret for what he has done. He has insisted and personally instructed his lawyers that no technicalities or legalities should be allowed to obscure the simple moral truth that his behavior in this matter was wrong. He misled his wife and family, his friends and colleagues, and our nation about the nature of his relationship with Ms. Lewinsky.

The president wants everyone to know, the committee, the Congress, and the country that he is genuinely sorry for the pain and the damage that he has caused and for the wrongs that he has committed. But as an attorney, I must caution this committee to draw a sharp distinction between immoral conduct and illegal acts.

Just as no fancy language can obscure the simple fact that what the president did was morally wrong, no amount of rhetoric can change the legal reality that there are no grounds for impeachment.

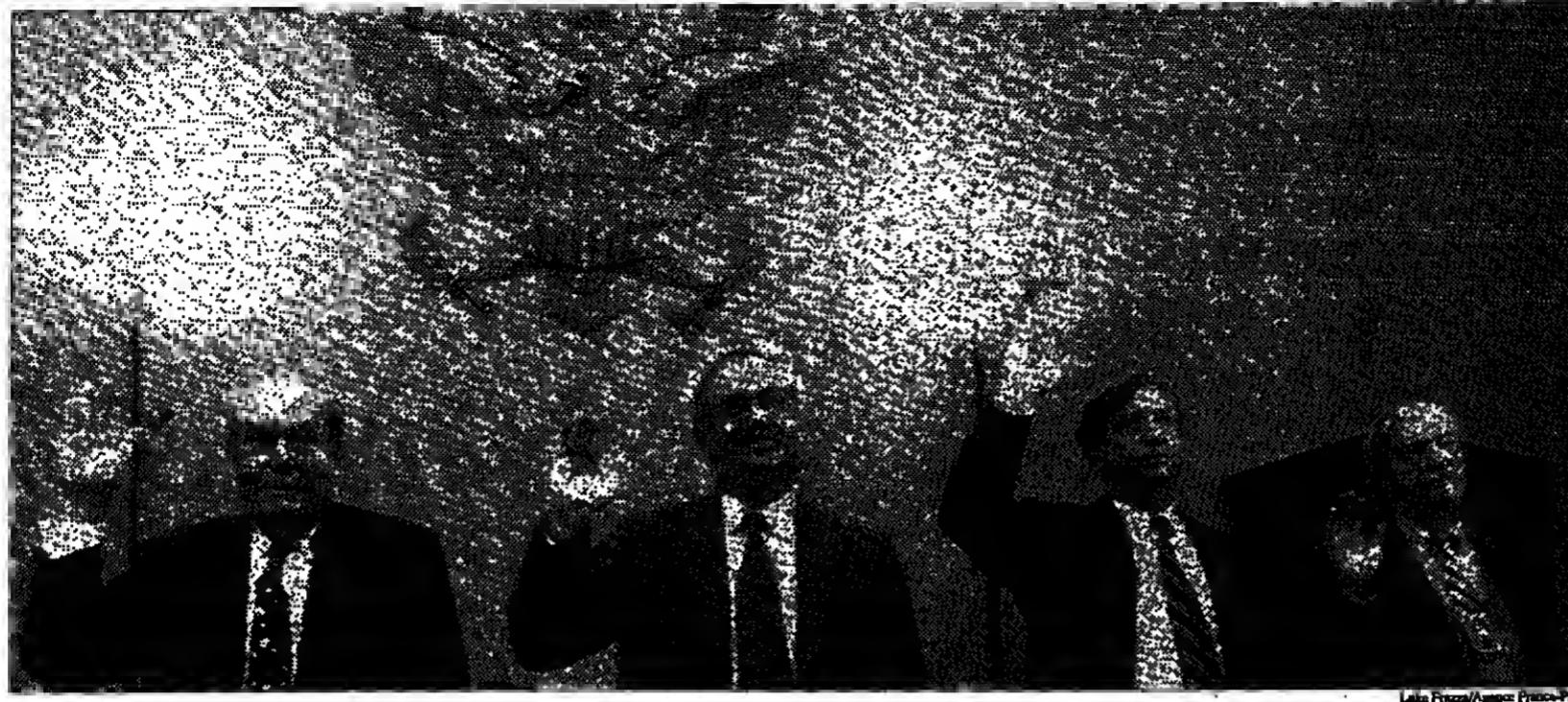
As surely as we all know that what he did is sinful, we also know it is not impeachable. Let me assure the members of this committee, the members of the House of Representatives and the American public of one thing.

In the course of our presentation today and tomorrow, we will address the factual and evidentiary issues directly. We will draw this committee's attention to evidence that tends to clear the president with respect to each of the various charges — evidence that was left out of the independent counsel's referral, evidence that has not been widely reported in the press, but evidence that reveals the weakness of the charges being brought against the president. And we are confident that at the end of this presentation, you will agree that impeachment is neither right nor wise nor warranted.

When it comes to constitutional standards for impeachment as conceived by the founding fathers, we will show that the Constitution requires proof of official misconduct and abuse of high public office for the drastic remedy of impeachment to be appropriate. When it comes to standards of proof that should apply to the evidence that is brought before this committee, we will argue that this president should be considered innocent until proven guilty. And that he should be informed with particularity as to the facts and specifics of the misconduct that he is accused of — especially, when it comes to the allegations of perjury.

On those allegations, we will show that neither the law of perjury nor the facts of this case could sustain a criminal prosecution, much less impeachment.

Mr. Chairman, I am willing to con-



Lisa Frazee/Agence France Presse

cede that, in the Jones deposition, the president's testimony was evasive, incomplete, misleading, even maddening, but it was not perjury.

On the allegation of perjury before the grand jury, which we all agree is the more serious offense, please look at the real record, not the referral's report of that record. Millions of Americans watched that testimony. They concluded, as I believe that you too will find, that in fact, the president admitted to an improper, inappropriate and intimate relationship with Ms. Lewinsky. He did not deny it, he admitted it.

Fair-minded Americans heard what the president said and they knew what the president meant.

When it comes to allegations that the president with Ms. Lewinsky, Ms. Currie and Mr. Jordan obstructed justice, we will show that the evidence presented in the referral is misleading, incomplete and frequently inaccurate. We will show that the president did not obstruct justice with respect to gifts, the job search or the affidavit. And we will show that the president did not seek wrongfully to influence Ms. Currie's testimony.

Again, we will ask you to look at the real record, not the referral's version of the record. And the real record shows that the sworn testimony of Ms. Lewinsky, Ms. Currie and Mr. Jordan, far from incriminating the president, actually exonerates him. And yet their testimony, although crystal-clear before the grand jury, is edited, modified, qualified or ignored in the referral.

When it comes to allegations that the president abused his office, we will show that the president's assertions of executive privilege were perfectly proper and that the claims of attorney-client privilege were justified under the circumstances.

And when it comes to allegations that the president used the power of his office to mislead his aides, not as one might think, for the purpose of protecting himself and his family, but as alleged, to mislead the grand jury, we will show that the president has finally, if belatedly, been cleared on the charges concerning Whitewater, the file manager and the Travel Office.

There has been no new evidence and there are no new charges. So I say to the members of the committee, if back in September, when you received this referral, if back in October when you voted to conduct this inquiry, if back then you didn't think that the referral justified impeaching President Clinton, there is no reason for you to think so today.

There can be no more solemn or awesome moment in the history of this republic than when the members of the House of Representatives contemplate returning an article of impeachment against the president of the United States. There can be no more soul-searching vote in the career of a member of the House of Representatives than when he or she considers impeachment of the president of the United States.

These are weighty issues, and great moments of conscience and con-

Taking the oath Tuesday as witnesses before the House Judiciary Committee hearings were, from left, Nicholas Katzenbach, Bruce Ackerman, Sean Wilentz and Samuel Beer. They were all part of the defense team for President Bill Clinton as the White House was given two days to present its case against impeachment. Mr. Clinton, at left, was not present at the hearing but was taking part in Social Security meetings.

Clinton, and your reputations will be darkened for as long as there are Americans who can tell the difference between the rule of law and the rule of politics.

Representative George Gekas, Republican of Pennsylvania:

Professor Wilentz, your testimony has really astounded me. And I want to question you on one phase of it. You seem to indicate that if any one of us, any member of Congress should vote for impeachment, there will always be the question in your mind as to whether we did it out of craveness or under a resolution and study and analysis and conscience.

And I hope that after this is over that you take a roll call of those who voted and then analyze for us — it'll take you 100 years — to determine whether we did it out of craveness or not. I think that's a despicable way to characterize in advance a possible vote on some serious note as this. That's number one.

General Katzenbach, you seem to have placed a great deal of emphasis on the difference between a criminal offense and a political offense that is couched in impeachment. And I agree with you that it is substantially if not totally a political process. If the president of the United States refused to grant requests to the Congress time and time again and the Congress felt that it should judge the president in contempt of Congress, you would consider that a political, not a criminal, offense, would you not?

Mr. Katzenbach:

If it was an offense at all, it would be political, yes.

Mr. Gekas:

Yes. And so the Congress, if it felt a series of contempt instances that it would proceed, you would not automatically discount that as an impeachable offense, would you?

Would this not be a refutation or a knock in the eye to another branch of government that the president was in-diguing in?

Mr. Katzenbach:

It might be, sir, but I don't think that the Constitution provides, under "high crimes and misdemeanors," for refusal of the president to do what the Congress wants it to do. There are other ways in which the Congress deals with that problem, and, frankly, sir, this is simply not one of them. No, I would not regard that as grounds for impeachment.

Mr. Gekas:

So that you have no idea, as you are testifying here, what high crimes and misdemeanors might be?

Mr. Katzenbach:

Oh, I have a good idea what they might be, yes, sir.

Mr. Gekas:

And you're saying that perjury, which would be a direct affront to the judicial process, could not be considered fairly by any of us as being an impeachable offense. If indeed giving false statements under oath in a judicial proceeding can be fairly characterized by many of us who are analyzing this as an affront to the other branch of government, meaning the judiciary, the judicial branch of government, you think that the commission of a statutory crime, common law crime of false statements under oath, or just obstructing justice by giving false statements under oath would not arise to an impeachable offense; is that what you're saying to us?

Mr. Katzenbach:

No, sir, that's not what I am saying. I am saying that all of those could be impeachable offenses if the effect of that was to destroy public confidence in the ability of the president to play his role in the government.

Mr. Gekas:

And you say that the fact that he confronts the judiciary and attacks the judiciary by virtue of a perjury would not be an attack on the constitutional system, is what I hear you saying.

Mr. Katzenbach:

That's not what I'm saying; it may be what you hear, but it is not what I am saying.

Mr. Gekas:

Would you agree that we have a difference of opinion and that we would not be as craven if we decided that perjury committed by the president of the United States, if so concluded, in a judicial proceeding involving the rights of a fellow American citizen would amount to an impeachable offense?

Mr. Katzenbach:

It would be an impeachable offense, sir, only if the effect of that was regarded by the members of Congress as so serious that it destroyed public confidence in the ability of the president to play his role in government.



Mr. Hyde of the Judiciary Committee swearing in witnesses on Tuesday.

At the Capitol, from left: Greg Craig, Samuel Beer and Nicholas Katzenbach.

Charles Ruff, left, and David Kendall, both Clinton lawyers, listening.

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EUROPE

'Nothing Is Taboo' for France as EU Prepares for Reform Talks

International Herald Tribune
The leaders of the European Union meet Friday and Saturday in Vienna for their biannual summit meeting with their attention focused as usual on unemployment. But most of the hard talk will come in relation to Agenda 2000, the EU's outline of its budget and activities for the next seven years. The issue is essentially who pays what, with the Germans insisting they must reduce their contribution, and France, Britain and Spain, among others, attempting to hold on to their cash advantages.

Pierre Moscovici, the French minister-delegate for European affairs, talked to John Vinocur, senior correspondent of the International Herald Tribune, about his government's position and its relationship with Germany going into the meeting.

Q: What concrete results do you expect from the Vienna summit meeting?

A: The central message will be and must be about employment. The result should be to confirm the dynamic that began at the Luxembourg meeting a year ago. That means we want quanti-

Q & A / Pierre Moscovici, France's point man for European affairs

tified indicators in order to reduce unemployment among the young and those who have been unemployed for quite some time. We'd like to have a discussion about lifelong learning, reducing the length of work and, why not, about minimum income in each country. This doesn't mean the same minimum revenue, but the principle of minimum revenue in all countries. We'd like to call for more social dialogue about those questions.

Q: What is France's view of Germany's desire to lower its contribution to the EU through Agenda 2000?

A: We don't consider that Agenda 2000 is only about the German problem. It's a global reform. It's how to finance the Union for seven years and how to define the common policies. We don't ignore that Germany feels that they are supporting an imbalance. But we want the answer in all those problems to come from one principle: stabilizing the expenses of the Union. We believe we can

do better with no more expenses. That's what we're seeking in Vienna and we really want to end these negotiations in March. There are two things that we very clearly refuse. First, to solve the German problem, the Dutch problem, the British problem by generalizing the rebate system that was given Britain. The second thing we refuse is co-financing the Common Agricultural Policy, which would mean a renationalization of that policy.

Q: But how do you respond to the people who say France is far too great a beneficiary of agricultural subsidies?

A: France is a beneficiary because it's a strong agricultural power, but we are not favored by any specific mechanism. This has been recognized for 40 years. We don't refuse a reform of the Common Agricultural Policy. We'll be capable of talking about economies on that policy.

Q: Because there's so much money and so many strongly held positions involved, won't these Agenda 2000

talks be difficult, perhaps damaging?

A: It's a very difficult discussion. And I believe nobody should consider it a discussion in which somebody can win, alone, against the others. We'll all have to make compromises, and we're entering these negotiations with that spirit. For us, nothing is taboo.

Q: What's the French view on the call for tax harmonization that has created a lot of upset?

A: Maybe there's a problem of wording. Harmonization in our view doesn't mean uniformization. We don't believe that there should be one single rate of income tax on people or firms. We believe two things: There mustn't be tax paradises in Europe. And we believe there have to be rules against social and fiscal dumping in Europe. That's all that we are seeking, and that means there will probably have to be a fiscal harmonization about energy or savings.

Q: Do you feel any less German interest in sharing a motor-of-Europe role with France?

A: Not at all. They really want to be involved in Europe, and they still believe the Franco-German relationship is at its center. Maybe they feel it in an-

other way. Maybe it's less romantic, less sentimental, but I think it is maybe more concrete, closer to the preoccupations of the people. There won't be a change here, and that's clear.



Pierre Moscovici: Summit meeting "must be about unemployment."

BRIEFLY

Heads of 4 Captives Found in Chechnya

GROZNY, Russia — Chechen authorities found the severed heads of four kidnapped foreigners Tuesday near a remote village after a two-month search in the breakaway region in southern Russia.

An Associated Press reporter saw the heads near the village of Assinovskaya, about 40 kilometers (25 miles) west of Grozny, the Chechen capital. They were identified as those of the four abducted foreigners by Umar Makhanri, a bodyguard who was with the four when they were taken away Oct. 3, by gunmen in Grozny.

The hostages — the Britons Peter Kennedy, Darren Hickey, and Rudolf Petschi, and Stanley Shaw of New Zealand — were engineers working for a British telephone company installing telephone lines.

(AP)

2 EU Leaders Call For Spending Curb

BONN — German and French leaders called in a letter made public Tuesday for a freeze on European Union spending levels and proposed a new cap on its budget.

Chancellor Gerhard Schroeder of Germany and President Jacques Chirac of France also said they saw the eastward expansion of the bloc as a "historic duty" but recommended against discussing new membership at an upcoming summit in Vienna.

The letter, addressed to the Austrian chancellor and current EU presidency-holder, Viktor Klima, proposed the EU curb expenses to make the expansion affordable. But it backed EU budget proposals that would allow an increase in the central budget limit to 1.27 percent of total gross national product from 1.10 percent.

(Reuters)

Talks on Ulster

LONDON — Prime Minister Tony Blair began fresh talks with Northern Ireland's key political players Tuesday, hoping to end a dispute over disarmament that has clouded a peace deal reached in April. Mr. Blair met with John Taylor, deputy head of the protestant Ulster Unionist Party, to try to advance plans for new political structures to which power will devolve in February.

(Reuters)

For the Record

Russia has agreed to cooperate with NATO next year to work on correcting the "millennium bug," which will hit many computers at the start of 2000, a NATO source said Tuesday. The cooperation was sought by the United States, which fears that Russia might lose control of its nuclear weapons arsenal as a result of millennium computer chaos.

(AFP)

Kosovo's Other Refugees Fight Misery and Hunger

Tens of Thousands Are Hidden in Montenegro

By R. Jeffrey Smith
Washington Post Service

ULCINJ, Yugoslavia — When Hragie Cacaq and her family fled in this seaside village from Kosovo last spring, the Spartan housing was tolerable because the weather was warm. But now a bitter cold wind and slashing rain are gusting through a window frame covered by a flapping blanket, and her half-dozen children are having trouble sleeping in their winter coats on bare cement floors covered only with cardboard.

"It's too cold," Mrs. Cacaq said, and the only food they get — from the Red Cross — falls well short of what they need. But she and several thousand other ethnic Albanians who came to Ulcinj have no money to pay for food and electricity, so they have no choice but to go without heat, even as nighttime temperatures hover just above freezing.

Mrs. Cacaq and 23 others living in the unfinished beach houses are among tens of thousands of refugees from the strife-torn province of Kosovo who are stranded here in the neighboring Yugoslav republic of Montenegro. By all accounts, Europe and the United States have been extremely slow to assist them.

Since violent conflict between ethnic Albanian separatists and Yugoslav forces erupted in Kosovo last February, most of the world's attention and humanitarian assistance has gone to the more than 200,000 ethnic Albanians displaced by fighting within Kosovo and tens of thousands of others who fled to Albania or Macedonia.

More than six weeks after the heavy fighting ended, however, from 25,000



Albanian refugees peering out of a tent near Sarajevo. Thousands of others have fled Kosovo for Montenegro.

to 35,000 ethnic Albanians, including at least 6,000 children younger than 7, are said by the International Red Cross and the office of the UN High Commissioner for Refugees to remain in Montenegro — down from a summer peak of 45,000 to 50,000 but still more than anywhere else outside Kosovo.

Montenegro is the smaller of the two republics that compose the federation of Yugoslavia. It has just 5 percent of the territory of Serbia, the dominant republic. Kosovo in turn is a Serbian province.

Montenegro is also poorer, with an average wage of \$125 per month, more than 70,000 people unemployed, and an additional 80,000 waiting for late pension payments from the federal government. Some of its key industries depended on trade with Kosovo, which has dried up.

On top of that is estimated that at least 31,600 refugees from the conflicts in Bosnia and Croatia have lived in temporary shelters in Ulcinj and other Montenegrin towns for at least three years, still waiting for conditions to settle in those former Yugoslav republics. With this burden, Montenegro's government has been able to provide little assistance to the newcomers.

Many of those who fled to Montenegro reported having to pay bribes or endure beatings from Serbian border guards. Many also were frightened by a kidnapping incident earlier this month.

The grim conditions here have caused thousands to leave via an underground refugee highway for elsewhere in Europe, traveling through Albania and Italy to Germany and Switzerland after paying a hefty fee to brokers. As many as

10,000 to 15,000 people may have returned to their villages in southwestern Kosovo since fighting cooled in early October, but many more say they cannot because their homes are destroyed, and they are afraid of the police.

"I have nowhere to go," said a 38-year-old man from the destroyed Kosovo town of Decani, who lives with his wife, five children, and seven others in two rooms of a stranger's house in Tuzi, a village 10 miles southeast of Podgorica, the Montenegrin capital.

"My own house is broken, but I would live there in a tent," said, adding, "if I was sure that nothing would happen to me and my family."

Like many Kosovo residents who fled

along with family members who belonged to the Kosovo Liberation Army, the man said he would not go back until the Yugoslav government honors its month-old pledge of amnesty for politically motivated activities. He said one of his brothers went to look at the house last week and called to say that the police are everywhere on the roads — they are driving around in private cars."

The man, who asked that his name not be published for fear of retaliation by the Serbian police, said that "the Red Cross provides help twice a month, but we can live for only five days on what they give us" and, without help from local residents, "we would not be alive."

He said his children stayed at home all

day because the Montenegrin government — fearful of encouraging the ethnic Albanian families to stay — had barred them from attending a local school.

The food aid being provided to the ethnic Albanians is going only to those younger than 14 and older than 65, because of its scarcity, said Stojan Sjekloca, deputy commissioner of Montenegro's eight-member refugee relief panel. "The rest of them are excluded from help."

Each of the recipients gets a quart of cooking oil, less than 20 pounds (about 9 kilograms) of flour, 2 pounds of beans and 2 pounds of sugar — all supposed to last for a month. "Some get milk powder, but only rarely," be said.

He said his children stayed at home all

Turkey Works With Italy to Ease Tension

Reuters

BRUSSELS — Italy and Turkey agreed Tuesday to smooth their troubled relations pending a decision by an Italian court on the fate of Abdullah Ocalan, the Kurdish guerrilla leader held in Italy.

Foreign Minister Lamberto Dini of Italy, after a meeting with his Turkish counterpart, Ismail Cem, in Brussels, said, "We have worked together with Mr. Cem to ease tensions."

Mr. Dini said he had also worked "to get a better understanding of the position Italy has taken and to therefore come back to the climate that existed between our two countries — to the extent possible — before the Ocalan case."

Mr. Dini said Italy was aware of the emotions provoked in Turkey by the capture of Mr. Ocalan, leader of the Kurdish Workers Party, which Ankara holds responsible for the deaths of 29,000 people in a 14-year armed struggle for Kurdish self-rule.

"I think the will of the international community, the way it has been expressed by the United States and by the European Union ministers, is that Mr. Ocalan should be tried before a court, before a tribunal," Mr. Dini said at a joint news conference after meeting with Mr. Cem at a NATO conference.

"And it is now to be determined where he should be tried," he said. "We have agreed that for the time being the case is in the hands of the Italian magistrates."

"Let's wait and see how that is resolved before we come to take a position on other avenues which have been explored," Mr. Dini said, referring to suggestions that the Council of Europe or the United Nations could provide a forum for judging Mr. Ocalan.

Mr. Cem made clear that Turkey opposed the internationalization of what it considers a strictly legal case. But the two ministers said they would consult further to promote a more constructive dialogue.

Joy in France Over National Front Rift

Reuters

PARIS — French conservatives reacted gleefully on Tuesday to an internal struggle over leadership and strategy that has been tearing apart the far-right National Front, which is led by Jean-Marie Le Pen.

But leaders of the mainstream right also warned against appearing to interfere in the National Front's affairs, particularly when things seemed to be going their way.

"Don't shake the pinball machine while we're scoring points," Renaud Muselier, a deputy from the Gaullist party Rally for the Republic, told the daily *Liberation*.

"Le Pen wanted to divide us," said Philippe Douste-Blazy, parliamentary leader of the center-right Union for French Democracy. "Now, nine months later, we are stronger and they are in the process of imploding."

Mr. Le Pen, in a bitter battle with his ambitious deputy and would-be heir, Bruno Megret, has purged the party of Megret supporters and said Mr. Megret should leave the party if he

continued to disagree with his strategy. Mr. Megret is to reveal his next steps on Wednesday.

The Front, which wants to ship millions of foreigners home and favors native French for jobs and social services, has been mired in squabbling for months.

The party commands the electoral support of about 15 percent of the voting public and has in the past often helped the left win elections by splitting the rightist vote.

Without naming him, Mr. Le Pen has said Mr. Megret's strategy of raising the Front's profile on the political scene by cooperating with mainstream conservative parties was not the path to follow.

Mr. Le Pen rules out ideological and political compromise, calling mainstream parties corrupt and traitors for hacking the European Union.

He argues that his voters back him because of his ideas and his program and do not want the Front to become just another mainstream party.

Mr. Le Pen appears to have a firm grip on the party's top leadership. His daugh-

ters and son-in-law hold key party posts, while his wife, Jany, is ex-

pected to be near the top of the party's slate in June 1999 elections for the European Parliament.

Mr. Le Pen ordered the suspension

from the party of two key Megret supporters, including Serge Martinez, head of regional branches, after Mr. Martinez called for a special party congress without consulting him.

While supporters of Mr. Le Pen

renewed pledges of loyalty, Mr. Martinez on Tuesday called his expulsion a putsch and a witch-hunt. He re-

newed his call for a congress to de-

fine the party's goals.

The dissidents are being denied

party premises to make their state-

ments. Mr. Martinez held a hastily

arranged news conference in a hotel

basement. Mr. Megret's announcement

on Wednesday is to be made "at a place

to be announced later."

Pierre Vial, a Megret backer who was

one of those purged by Mr. Le Pen, insisted

that his exclusion from the Front was "null

and void" because it flouted party rules.

In an interview with the newspaper *Progrès de Lyon*, he accused Mr. Le Pen

of trying to turn the party into a private

preserve. "If Le Pen sticks to his current

position," he said, "I am afraid he is

heading for disaster."

NATO: Follow U.S. Vision, Albright Urges

Continued from Page 1

Joschka Fischer, the German foreign minister and a leader of the environmental Greens party, reaffirmed his call for NATO to alter its nuclear doctrine and consider pledging not to be first in using nuclear weapons, as a way to stress its commitment to disarmament.

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OPINION/LETTERS

An Early Handicapping Of the Race in 2000

By E. J. Dionne Jr.

WASHINGTON — Perhaps you will not regard this as good news: The American presidential campaign for 2000 began here on Dec. 2. That may seem a bit early. But it is a relief to have a group of politicians looking ahead rather than backward in a city obsessed with impeachment.

The first skirmish broke out at a conference of the Democratic Leadership Council, the centrist group that gave Bill Clinton a big push forward in the early 1990s. Clues about how the players are approaching the 2000 melee were scattered all over the meeting.

Democrats assume that Republicans learned from the 1998 elections, and they think that Governor George W. Bush of Texas is the fastest learner.

Al Gore took a swipe at Mr. Bush (without naming him) by attacking Mr. Bush's adopted doctrine, "compassionate conservatism." First, Mr. Gore noted that the mantras of compassionate conservatism — "opportunity" and "responsibility" — were "stolen outright from Clinton-style Democrats." Then he suggested that there is a difference between the "right language" and the right policies.

The idea of compassionate conservatism is a big concession by Republicans. Their use of the adjective "compassionate" suggests that they have concluded that the conservatism they have practiced so far seems to lack compassion to too many voters.

But the flip side is also true. If post-Gingrich Republicans master the new language and find policies to back it up, they will offer the Democrats a smaller target. Thus Mr. Gore's preemptive strike.

Mr. Gore has good themes for 2000, but is short on uplift and specifics. He combines old Democratic standards — Social Security, education, toughness against guns and the gun lobby — with a new emphasis on the dangers of suburban sprawl and the need to ease the conflicts between work and family.

But his delivery did not exactly burn down the house. His role as vice president means that he cannot put forward many new policies of his own. As Mr. Gore's friends note, he is temporarily in a box: He cannot propose ideas that the administration is unwilling to support, and any good ideas he

The Washington Post

At Dinner, Russians Find That the Times Are Lean

By Michael Wines

does have now will become Mr. Clinton's ideas.

In addition, Mr. Gore wants to be the unifying figure in the party, occupying as much ground as possible. That means, in the famous words of the last vice president to become president, "prudence." Mr. Gore, it seems, is haunted by two people named George Bush.

Bob Kerrey knows that imprudence is his ticket to contention. There was nothing prudent about his speech. The Nebraska Democrat's ideas on privatizing part of Social Security raised substantive as well as political problems, but leave that for another day. As one Democrat at the meeting noted, Mr. Kerrey played Gary Hart to Mr. Gore's Walter Mondale. He meant it as a compliment. The Hart of 1984 proposed "new ideas for a new generation," cast the front-running Mr. Mondale as an excessively cautious party wheeler-dealer, and came close to winning the nomination.

Mr. Kerrey also allowed the pressure on former Senator Bill Bradley of New Jersey, who would occupy philosophical space similar to Mr. Kerrey's. Mr. Bradley knows he has to move, and on Friday he announced the formation of a presidential exploratory committee.

Watch for two simultaneous battles: a three-way fight involving Mr. Gore, Mr. Kerrey and Mr. Bradley, and a two-way skirmish between Mr. Bradley and Mr. Kerrey.

Watch Dick Gephardt, the House Democratic leader, and John Kerry throw new ideas into the pot. Mr. Gephardt's form of prudence would be to stay in the House; hope that the Democrats win in 2000, and become speaker. Bet on his doing that. But his speech on tax reform suggested that Democrats can dispute Republicans on their favorite issue by offering a simpler tax code that is still progressive and cuts taxes on people in the middle.

Senator Kerry of Massachusetts is a long shot for president, but he is challenging Democrats to link their education spending proposals to more aggressive school reform. Count on both the vice president and the Texas governor to go to school on his speeches.

The Washington Post

MOSCOW — They sell bread on the streets in Russia, from the windows of little roadside kiosks identified by signs proclaiming a single beloved word: bread. White bread, black bread, delicious Georgian bread laced with cheese, braided loaves and loaves baked in the shape of big brown domes, and much more.

The average Russian's consumption of baked goods rose 5

percent from 1990 to 1995. In 1996 he ate 65 kilograms (143 pounds) of bread. Russians even have a saying: "Bread is the beginning of everything."

So why have they begun lately to eat less bread? The answer says a lot about the state of Russia and its people. What it says most is "chaos." And not just bread, either. The entire Russian diet is hurtling through a *perestroika* that mirrors the bust-and-boom, future-versus-past nature of the nation's economy and mentality.

Like the country itself, Russian cuisine is a messy scene. Russia today is a society caught somewhere between tiny torts exquisitely topped with kiwi and a predominant national dessert, the deep-fried apple. It is a place

where subway vendors hawk cases of Pringles to a population whose principal source of protein is real potatoes, lifted fresh from the ground.

Russia wavers today between

Tyson chicken, the pricey pinacle of frozen fowl displayed in bettermarkets, and the plate of hot sausage of indeterminate origin that was free when Leonid Brezhnev was in charge. At the moment, sausage, boiled potato and fried apple are in the ascendancy. Nationalism may be part of it; Russians are bristling at Western influence over their culture and sovereignty.

But to the experts, the overwhelming factor is money. Russia and Russians are broke, and prices are rising. The ruble lost

two-thirds of its value in a single week in August. Bread costs more — 10 percent of the average Russian's food bill, compared to 4 percent just a few years ago. It is enough to make some Russians long for Mr. Brezhnev's steady socialist hand on the tiller, at least until they remember the iron grip that came with it.

"The difference between today and the '80s," said Alexander Barulin, deputy director of the Institute of Nutrition at the Russian Academy of Medical Sciences,

"is that then the shelves were

empty, but people who could buy a bit of fish were satisfied. It was enough. Today you can find almost everything in every store. The question is whether people can afford it."

A relative few can. In prosperous Moscow, two Western-style supermarkets stocking both Russian and European brands opened last month alone.

But Muscovites are less than 10 percent of Russians. The rest of the country briefly flirted with low-fat milk and skinned chicken breasts and Ugli fruit, now found even in parts of Siberia. But the

nation sleeps with traditional Russian cuisine, the food that saw it through Mr. Brezhnev and now, Mikhail Gorbachev and, now, the lean years of Boris Yeltsin.

This means fatty fried meats, fried potatoes, fried apples, pancakes, cabbage soup topped with mayonnaise, fermented cabbage, butter and dense black bread. And tea. Without milk, but perhaps with a little jam.

To a lot of Western palates, this

tastes, well, heavy and greasy.

Heavy and greasy is the norm in a climate better suited to reindeer than humans.

Sometimes greasy is good:

glorious onion-and-hamburger-filled pancakes, or blinis; tasty

vinegarette salads of cabbage and carrots and oil; a good borscht.

The key word here is sometimes. The downside of Russian cuisine is that it is not especially healthy:

three daily helpings of sausage is bad for the heart. Three daily helpings of potatoes and bread can lead to obesity, and half of all Russian adults are overweight.

Virtually every Russian suffers

from vitamin deficiency. Among

Russian children, half of whom do not regularly drink milk, the shortage of B vitamins, which promote bone growth, is catastrophic, Mr. Barulin says.

"Our way of life is a violation

of the norms from the very beginning," said Yuna Popova, an administrator at the government's

leading center for treating food-related disorders.

This is not to say that Russians

ate better when the Kremlin

played mama, ordering its sub-



LETTERS TO THE EDITOR

Elections in Taiwan

Regarding "Voters in Taiwan Reject Pro-Independence Party" (Dec. 7):

Analysis of the election results shows that the relative strength of the democratic opposition has remained virtually the same: The Democratic Progressive Party plus two smaller pro-independence parties garnered 33 percent of the vote, equal to what it was in 1995. The Kuomintang also stayed at virtually the same level of support slightly over 46 percent.

A referendum in Taiwan showed broad support for independence: 78 percent of the voters said they did not want to be ruled by China. Isn't this independence?

In the article, John Pomfret makes it appear as if the campaign for mayor of Taipei by the in-

cumbent, Chen Shui-bian, was based on ethnicity and that of his opponent, Ma Ying-jeou, was not. Mr. Chen did emphasize the Taiwanese identity, but has worked hard to reach out to the mainland community.

MEI-CHIN CHEN
Chevy Chase, Maryland

Holocaust and Money

Regarding "Holocaust and Money Don't Mix" by Charles Krauthammer (Opinion, Dec. 3):

When parents set aside wealth for their children or a cherished artwork becomes the only family memory, it does not seem unreasonable to have these assets handed over to the rightful owners when requested. It has nothing to do with "honoring the Holocaust."

Had the guilty parties admitted

liability without waiting 50 years, the lawyers and process to which your author so strongly objects would not have been required.

CLIVE NATHAN
Lindau, Germany

Is Bush at Risk?

In response to the scheduled execution in Texas of a Canadian:

Could the recent decision by the Law Lords in the Pinochet case open the governor of Texas to civil or criminal legal action in Canada? The principle seems to be that official acts in violation of the law are not covered by sovereign immunity. Perhaps Governor Bush should limit his travels to the 50 states until this new legal doctrine becomes more settled.

LUCIAN C. MARTINEZ
Rome

decided to eat what was put in front of them or go hungry. But turning the Russian diet over to the market has been a mixed bag.

There is, for instance, the free, hot lunch. Under Soviet rule, virtually every factory and office worker got one, either free or nearly so, as part of the state's cradle-to-grave package of social benefits. In modern Russia, there is no such thing as a free lunch—and many people simply do not eat as a result. Most Russians eat twice a day—morning and late evening.

Miss Popova said, "Skipping a meal could be seen as a good thing. A few years ago, the average Russian packed away 3,000 calories a day by some measures, a quarter more than is recommended. And the caloric intake has dropped during the 1990s. Mr. Barulin's institute periodically asks thousands of Russians about their eating habits, and some conclusions are disturbing. Fruit consumption dropped one-third from 1990 to 1995; meat, one-quarter; vegetables, a fifth. Fish consumption was halved."

On the one hand, less meat means less fat—and some Russian doctors point to that to explain a slow decline in heart ailments that began in 1994. But it also has immediately led to an increase in iron deficiencies among women; a third of pregnant women lack enough iron. The decline in fruit consumption now means that 20 percent of Russians are critically low in vitamin C—so low that they risk getting rickets.

The New York Times

The teacher of this class is not the only teacher in this class.



"Education is the foundation of a free and just life. It is the right of all children and the obligation of all governments."

-from UNICEF's State of the World's Children 1999 report

Children on the stage of life.

A message from violinist Maxim Vengerov, UNICEF's Envoy for Music.



In my travels through the world of music, performing on stages from Tokyo to Budapest, I have learned that, to create a successful performance, a trio of elements is required: a violinist who controls the sound, a violin that can emit the sound, and the bow that draws the sound from the instrument. All three are equally important.

In my travels through the world of UNICEF, meeting and teaching children from East Harlem to Sarajevo, I have learned that, to help a child succeed as a learner, a trio of elements is also required: a curriculum that guides learning, a child who can absorb the learning, and the teacher who inspires the child to accomplish.

And, in the case of learning, all three are not just important to the success of our children's performance. They are vital to the survival of our world.

Maxim Vengerov

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INTERNATIONAL

Nigeria Vote Gives Democracy a Lift

By James Rupert
Washington Post Service

LIBREVILLE, Gabon — The high turnout in local elections last weekend in Nigeria augurs well for the country's effort to end years of military rule and is important in bolstering efforts throughout West Africa to democratize, according to African analysts.

While Nigeria's election commission has not released overall figures on voter turnout, the long lines at polling stations throughout Africa's most populous country underscored the people's enthusiasm for the return to civilian government being led by the head of state, General Abdulsalami Abubakar.

Throughout the region, including Gabon, which held its own elections last weekend, Africans have been closely following the Nigerian evolution.

As results accumulate from the voting Saturday for Nigeria's local government councils, it appears that state and national elections to be held in the next 12 weeks will be contested by three parties — two broad coalitions and a narrower, but powerful, party based mainly in the southwest and representing the aspirations of the Yorubas, one of Nigeria's three largest ethnic groups.

African advocates of democracy applaud the vote.

Emeka Anyaoku, a Nigerian who serves as secretary-general of the London-based Commonwealth, said he congratulated the Nigerian election commission "for the successful conduct of this first phase of the electoral program, which bodes well for the elections to come."

The Commonwealth, an association of current and former components of the British Empire, took the lead in isolating Nigeria under the former military regime of General Sani Abacha, who died in June.

With about 80 percent of the local races tallied, the People's Democratic Party, a broad alliance of prominent political leaders from various regions, had won control of about 60 percent of the Nigerian councils. Reuters reported.

A more conservative broad coalition, the All Peoples' Party, had won about 25 percent, and the Alliance for Democracy — the Yoruba-dominated group — was in third place. Six other parties trailed and are unlikely to show enough of a nationwide base to qualify for the state and national elections under electoral rules.

While the voting was largely calm, violent clashes in and around the economically depressed Niger River delta killed a dozen more people, news agencies reported.

Minority groups in the delta have pursued increasingly desperate and violent campaigns throughout the decade for a greater share of power and the revenues from oil fields beneath their lands.

The showing by the People's Democratic Party will strengthen the perception that its most prominent political figure, the former military ruler Olusegun Obasanjo, is the front-runner in the presidential race. General Obasanjo is a Yoruba, but he gets limited support from members of his own ethnic group, many of whom see him as lukewarm in the pursuit of the Yorubas' political interests.

General Obasanjo faces a challenge for the party's nomination, notably from a powerful leader of the ethnic Ibo community, Alex Ekwueme. Mr. Ekwueme was vice president of Nigeria's last civilian government, which ruled from 1979 to 1983.

Nigeria's elections and the emerging political lineup reflect broad demands for decentralization and redistribution of the power that for years has been concentrated in the hands of ruling military officers. In a country where the military has reneged on many promises to hand back power to civilians, the election was the strongest sign so far that General Abubakar's transition will take place.

"What is happening in Nigeria is



General Abubakar, the leader of Nigeria's return to civilian rule

very good for the entire region," said Sadikou Alao, a lawyer from Benin who heads a West African democracy lobby by its French-language acronym, Gerdes.

BRIEFLY

Iranian Publisher Acquitted of Libel

TEHRAN — An Iranian court has acquitted a leading moderate newspaper publisher of almost all charges of libeling the police, the paper reported Tuesday.

The daily, published by the daughter of former President Hashemi Rafsanjani, is among those under pressure from hard-liners trying to stem President Mohammad Khatami's liberal reforms. Called *Zan (Woman)*, it had accused a top security official of being nearby when two members of Mr. Khatami's cabinet were beaten.

The court did find Faezeh Hashemi, who is also a member of Parliament, guilty of the minor charge of insulting the police intelligence department, but said she deserved a lighter sentence, the newspaper said. The court will pass sentence at a later date. (Reuters)

any Libyan decision on the Lockerbie issue, began a meeting Tuesday that is expected to last several days.

After refusing to hand over two alleged intelligence agents to Britain or the United States, Libya won agreement earlier this year for a trial before Scottish judges on neutral Dutch territory, but it remains at odds with Washington and London over where the men would be jailed if found guilty.

Zinatul Muhammed Zinat, chairman of the Congress, announced that the assembly had invited Colonel Moammar Gadhafi, the Libyan leader, to attend the meeting, but he did not show up. (Reuters)

Colombia President Cheered in Mexico

MEXICO CITY — The president of Colombia has told Mexican lawmakers that only economic reform would eradicate their country's widespread poverty, drug smuggling and guerrilla warfare.

"Employment is the new name for peace," President Andres Pastrana said Monday in a speech before the Mexican Senate that prompted a rare standing ovation. Mr. Pastrana is on a four-day visit to Mexico. (AP)

BOOKS

THE RUM DIARY

By Hunter S. Thompson. 204 pages. \$24. Simon & Schuster. Reviewed by Jonathan Yardley

WRITTEN more than three decades ago, this slender but quite engaging novel is Hunter Thompson's 11th book and his only work of fiction.

Usually literary apprentices work or juvenilia should be allowed to rest in the file cabinets to which its authors entrust it, but this is not always so: there's reason to be grateful that last summer's release of a film adaptation of Thompson's most celebrated work, "Fear and Loathing in Las Vegas," has inspired him to let "The Rum Diary" see the light of day.

One reason is that, although the novel pretty much falls to pieces in its second half, its first half is genuinely likable and appealing.

Memor, masquerading as fiction, it gives us Thompson, a.k.a. Paul Kemp, as a young journalist practicing his trade at a disreputable English-lan-

guage newspaper in Puerto Rico around 1960. There's a lot of hell-raising and drinking in the book, hence its title, and thus it anticipates the King of Gonzo that Thompson was to make of himself a few years later, but there's also a charming innocence about it.

This is a useful reminder that beneath the self-destructive and wrathful self-image Thompson has fabricated for himself lies another self, a man not immune to sentiment and nostalgia, a professional journalist who holds his business and himself to exacting standards even as he tries to reshape the business and himself in more provocative, less conventional forms.

If there is any anger or scorn in this book, it is directed at business interests that exploit and destroy natural beauty and journalists who sell out to them.

In his later work, Thompson has turned his gifts for invective and malediction on these and other offenders: here the mood is wistful and sad, and surprisingly affecting.

Paul Kemp arrives in San Juan to work for the Daily News, run by an ex-Communist named Reed Lotterman and staffed by "the whole gamut from genuine talents and honest men, to degenerates and hopeless losers who could barely write a postcard."

Kemp himself is "a seeker, a mover, a malcontent, and at times a stupid hellraiser" who "was never idle long enough to do much thinking, but . . . felt somehow that my instincts were right," who had "a vagrant optimism that some of us were making real progress, that we had taken an honest road, and that the best of us would inevitably make it over the top."

Kemp has done time in Europe and New York, has wandered of the journalistic life there and has come to San Juan seeking whatever it decides to offer him. What he finds is summed up in a paragraph that gives a hint of Thompson prose to come but also is, in and of itself, vivid and evocative:

"There was a strange and unreal air about the whole world I'd come into. It was amusing and vaguely depressing at the same time. Here I was, living in a luxury hotel, racing around a half-Latin city in a toy car that looked like a cockroach and sounded like a jet fighter, sneaking down alleys and humping on the beach, scavenging for food in shark-infested waters, bounded by mobs yelling in a foreign tongue — and the whole thing was taking place in quaint old Spanish Puerto Rico, where everybody spent American dollars and drove American cars and sat around roulette wheels pre-

tending they were in Casablanca. One part of the city looked like Tampa and the other part looked like a medieval asylum. Everybody I met acted as if they had just come back from a crucial screen test."

Thompson's eye for the ludicrous and incongruous obviously was already developed at this early stage in his career, and so too was his acidulous pen:

"What passed for society was a loud, giddy whirl of thieves and pretentious hatters, a dull sideshow full of quacks and piblistines with gimp mentalities."

The images that Thompson later would refine in *Las Vegas* and on the campaign trail had already taken shape in his mind.

Yet his eyes were clear enough to see the beauties of tiny island called Vieques and to know that, doing back work for a developer, he "was being paid \$25 a day to ruin the only place I'd seen in ten years where I felt a sense of peace."

In later years, Thompson refined and embellished his prose, as he invented and quickly personified the gonzo style, it became harder and harder to remember that at the core of this hard-drinking, hard-living man is a moralist, a Puritan, even an innocent.

The best thing about "The Rum Diary" is that it gives us this side of him without apology, even, I suspect, with a kind of pride.

For this reason it is a lovely book and a useful contribution to a body of work that's likely to gain substance and weight with the passing of time.

Washington Post Service

BEST SELLERS

The New York Times	
This list is based on reports from more than 100 booksellers throughout the United States. Weeks on the list are not necessarily consecutive.	
FICTION	
Last Week	
1. <i>A MAN IN FULL</i> , by Tom Wolfe	
2. <i>MURKIN: DIARIO</i> , by Danielle Steel	
3. <i>WHEN THE WIND ALLOWS</i> , by James Patterson	
4. <i>BAKERS BONES</i> , by Stephen King	
5. <i>ALL THROUGH THE NIGHT</i> , by Mary Higgins Clark	
6. <i>THE PENGUIN</i> , by Barbara Kingsolver	
7. <i>THE SIMPLE TRUTH</i> , by David Halberstam	
8. <i>RAINBOW ROW</i> , by Tom Clancy	
9. <i>THE VAMPIRE ARMAND</i> , by Anne Rice	
10. <i>THE PATH OF DAEDALUS</i> , by Robert Kanigel	
11. <i>MEMORIES OF A GEISHA</i> , by Arthur Golden	
12. <i>I FEEL SILLY & OTHER THOUGHTS THAT MAKE MY DAY</i> , by Jamie Lee Curtis	
13. <i>WELCOME TO THE WORLD, BABY GIRL</i> , by Linda Flanagan	
14. <i>THE LOCKET</i> , by Richard Paul Evans	
15. <i>IF THE HAMMER OF EDEN</i> , by Ken Follett	
NONFICTION	
16. <i>TUESDAYS WITH ADORRIE</i> , by Muriel Atkinson	
17. <i>THE COUNTRY</i> , by Peter L. Brown	
18. <i>INTERNATIONAL</i>	
19. <i>WITH GOD</i> , Book 3, by Donald Welsh	
20. <i>FOR THE LOVE OF THE GAME</i> , by Michael J. Arribalzaga	
21. <i>THE PROFESSOR AND THE MADMAN</i> , by Simon Winchester	
22. <i>AND THE HORSE HE RODE IN ON</i> , by James Clavell	
23. <i>THE DEATH OF OUTRAGE</i> , by William J. Bernsen	
24. <i>BLIND MAN'S BLUFF</i> , by Harry S. Dent with Christopher Drew	
25. <i>THE TEN COMMANDMENTS</i> , by Laura Ingalls Wilder	
26. <i>LINCOLNBERGH</i> , by A. Scott Berg	
27. <i>CONVERSATIONS WITH GOD</i> , Book 1, by Neale Donald Walsch	
28. <i>SHANE'S STORY: The Autobiography of the Human</i> , by Howard Bloom	
29. <i>THE AMERICAN CENTURY</i> , by Harold Bloom with Greg Buckland	
30. <i>THE PURPLE DRIFL</i> , by Steve Martin	
31. <i>DAVE BARRY TURNS 50</i> , by Dave Barry	
32. <i>ADVICE, HOW-TO AND MISCELLANEOUS</i>	
33. <i>4 STEPS TO FINANCIAL FREEDOM</i> , by Sue Oman	
34. <i>SOMETHING MORE</i> , by Sarah Ban Breathnach	
35. <i>STUPID LOVE</i> , by H. Leon Stoddard et al.	
36. <i>THE BREAST CANCER PREVENTION DIET</i> , by Robin Armstrong	

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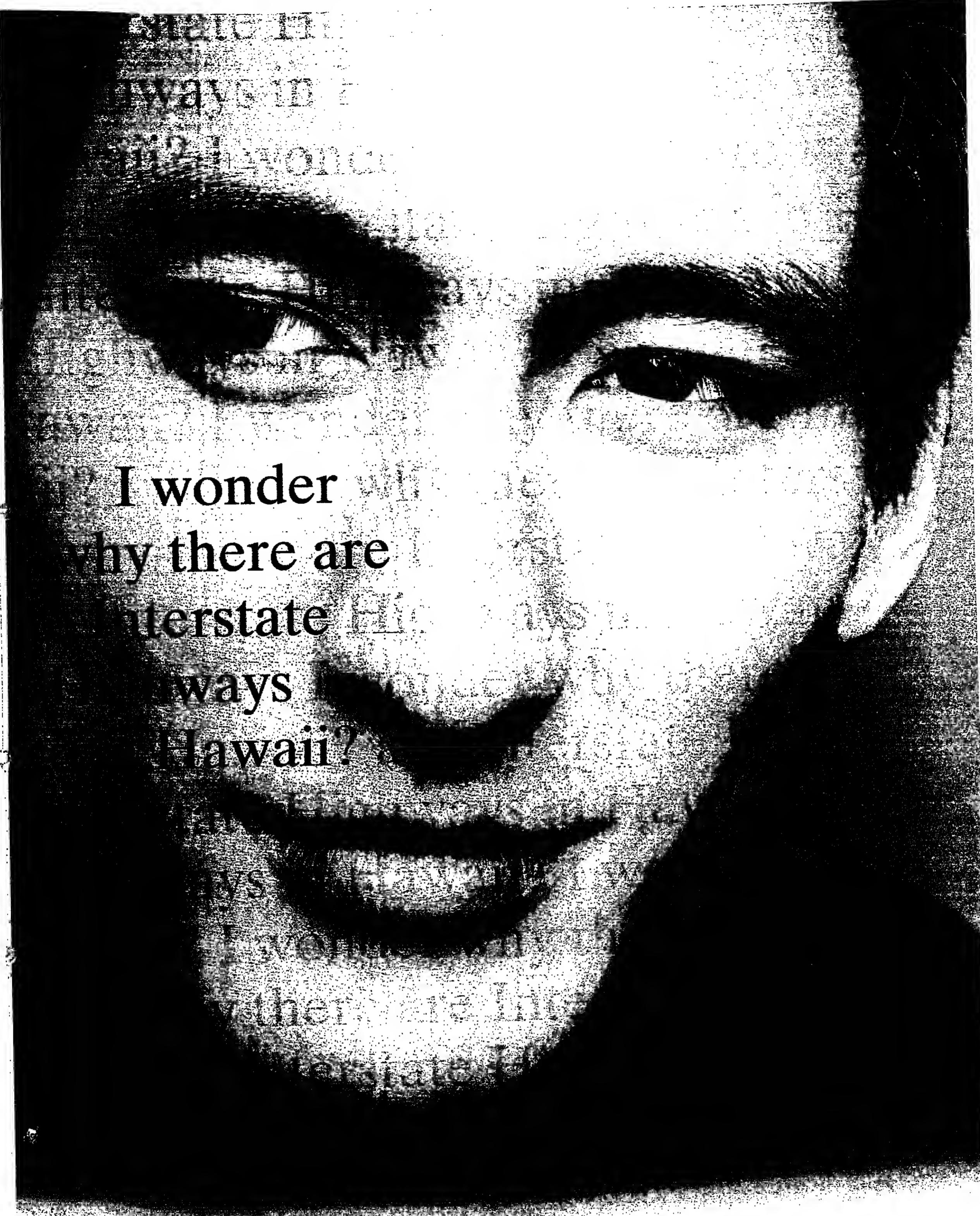
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ASIA/PACIFIC

Asians Drive Rise in U.S. Of Foreign Student Total

Agence France-Presse

WASHINGTON — Bolstered by Asian enrollment, the number of foreign students in the United States surged 5.1 percent to 481,200 in 1998, after four years of flat growth, a new study says.

The number of American students abroad also rose a steep 11.4 percent from 1997, to nearly 100,000.

These figures are contained in the annual "Open Doors" report from the

Institute for International Education for the U.S. Information Agency.

Keith Geiger, USIA director of academic programs, said the agency was "delighted" to see both the increased numbers of international students choosing to study in the United States and the greater number of U.S. students going abroad.

But he said that from 1995 to 1997, the American share of all international students dropped to 30 percent, from 32 percent. That is down substantially from 40 percent in the 1980s.

Japan was the leading country of origin for foreign students in the United States, with 47,073, followed by China with 46,958, and South Korea with 42,840.

Asian students account for more than half of international student enrollment in the United States, at 57.6 percent, the study said. It said that the number of Asian students increased by 6.4 percent to 277,508 this year.

Korean student enrollment rose 15.5 percent, Chinese enrollment 10.5 percent, and Indian enrollment 11.4 percent, the study said.

The study does not take into account the higher-than-usual drop-out rate this year among the 80,000 Asian students whose home countries were hit hardest by the Asian financial crisis: Indonesia, Malaysia, South Korea, the Philippines, and Thailand.

A survey in March found that nearly 10 percent of students from those countries dropped out in 1998. The drop-out rate among South Korean students was sharpest, with many U.S. campuses reporting losses of up to 20 percent.

The most popular destination is New York City, with 29,855 international students this year, ahead of Los Angeles.



IN MEMORIAM — A man in a former Japanese Imperial Army uniform saluting Tuesday at the Yasukuni Shrine, which is dedicated to Japan's war dead. Tuesday was the anniversary in Japan of the attack on Pearl Harbor.

While foreign students comprise just 3 percent of all college and university students in the United States, the Commerce Department ranks higher education as America's fifth-largest service export.

The U.S. government says foreign students contribute more than \$7.5 billion to the U.S. economy annually in school fees and living expenses.

Business administration and engi-

neering remain the top fields of study for international students, but computer science and the arts are gaining in popularity.

Most students from the United States continue to study in Western Europe, but Latin America and Asia are gaining in popularity with them, with an increasing number of Americans traveling to China, Australia and Mexico for study.

INDONESIA: Unrest Worries Neighbors

Continued from Page 1

elsewhere in Indonesia continue to surface, and religious and ethnic conflict, including attacks on members of the substantial ethnic Chinese minority, remains a problem.

Officials in Southeast Asia say privately that they are also worried that a Balkanization of Indonesia could inflame social tensions elsewhere.

Mr. Siazon was speaking after annual consultations with officials in Brisbane, Australia. Foreign Minister Alexander Downer of Australia said he hoped that Indonesian parliamentary elections scheduled for June and presidential elections later in 1999 would be the most democratic since 1955, before former President Suharto came to power with the backing of the armed forces in 1967.

"But making the transition, from the type of regime that Indonesia had before under President Suharto to a more fully fledged democracy in a pretty short period of time, is going to be an extraordinarily difficult challenge," Mr. Downer said.

"There are all sorts of different centers of power emerging in the country, competing with each other, and that doesn't make for an easy political environment."

Mr. Suharto was forced to resign in May after a nationwide wave of student-led protests. Since then, racial and religious clashes have continued, and recently increased, raising concerns that they are being fanned or engineered by rival groups in a struggle for power ahead of the elections next year.

"The political elite are fighting amongst themselves to satisfy their own ambitions," Abdurrahman Wahid, a moderate who heads the Nahdlatul Ulama, the largest Muslim organization in Indonesia, said in an interview published Tuesday in the Straits Times of Singapore. "The situation is in turmoil. People are killing people with increasing frequency, and that is the clearest

sign yet of a society tearing apart. If this continues, we face a social revolution."

The turmoil is made worse, foreign officials and analysts say, because President Habibie is relatively weak, while the once feared and powerful military is divided and discredited by past excesses, including the shooting of student protesters in Jakarta last month.

Some in the military want democratic reform to proceed; but others want to maintain their power and privileges, and those forces may be fermenting conditions for a coup attempt, analysts say, possibly in collusion with Mr. Suharto or those close to him.

In its editorial, the Business Times

said Mr. Habibie's government, having agreed with Parliament on firm dates for elections, might gain some political stability.

But it added: "Clearly, Indonesia is again on the brink of a breakdown of social order which could lead to political disintegration. President Habibie must now keep to his promised timetable, no matter what obstacles are placed in his way. Indonesia's only chance to recover quickly from its crippling political and economic paralysis is in his hands."

The U.S. warning on aid came from Mr. Campbell shortly after the issuing of the Pentagon's latest East Asia Strategy Report. The report said Indonesia's economic and political difficulties would pose challenges to the established order both internally and in the region.

"Indonesia's geostrategic position and regional influence make it important for the United States to maintain cooperative bilateral defense relationships," the report said.

"If there is a situation developing in a country like Indonesia," Mr. Campbell said, "in which the military is used such a way to subvert the democratic process, it makes it very difficult, if not impossible, for the United States to have a normal workaday relationship with that military."

China Urges U.S.-Pyongyang Talks

Reuters

BEIJING — China called for "patient cooperation" with Pyongyang as the U.S. envoy William Perry arrived Tuesday for talks on the recurring tension on the Korean Peninsula.

A government spokesman made it clear that Beijing opposed any retreat from a 1994 deal between the United States and North Korea under which Pyongyang pledged to scrap its suspected nuclear weapons program.

That deal has been threatened by North Korea's refusal to give Washington free access to a vast underground complex being built near a mothballed Soviet-era nuclear plant capable of making weapons-grade plutonium.

"We hope the parties directly concerned will cherish the results already achieved and continue to solve emerging problems through patient cooperation," the spokesman, Zhu Bangzao, said at a news briefing.

He added, "We hope the parties concerned will resolve the nuclear issue through dialogue and consultations rather than other measures which might escalate further the conflict."

Mr. Perry, the U.S. policy coordinator for North Korea, arrived from South Korea as part of a three-nation tour to review U.S. policy on North Korea.

In Seoul, Mr. Perry issued a statement saying Washington's policy toward the North must be conducted "shoulder-to-shoulder with South Korea." "We have not come to make judgments," he said.

On Monday, Mr. Perry met President Kim Dae-jung of South Korea, and both sides agreed to act "sternly" against the North if necessary but to maintain a policy of engagement.

Beijing, one of North Korea's few remaining friends, has a key role to play in promoting peace and stability on the Korean Peninsula.

IRAN: Tehran Seeks Germ Arsenal, Russians Say

Continued from Page 1

in his country, but were doing only peaceful research. He also stressed that Iran had ratified a 1972 international treaty banning germ warfare. He said he "categorically" rejected the claim that Iran was hiring Russian biologists to work on germ warfare.

Other Iranian officials have said Iran's research is being conducted for purely peaceful purposes. But veterans of the Soviet and U.S. germ programs dismiss such claims.

"It's often hard to distinguish between a drug and a weapon, or between offensive or defensive research," said Lev Sandakchiev, director of the state laboratory known as Vector, which made deadly viruses for weapons in Soviet times. "What counts is intent."

An important figure in the Iranian buying network, Russian scientists and Western officials say, is Mehdi Rezayati, an English-speaking pharmacologist in Tehran who works directly for President Mohammad Khatami as a "scientific adviser," according to his business card, which was provided by a Russian scientist.

Russians approached by the Iranians say the recruitment style alone raises suspicions. Visiting delegations, they said, are sometimes led by Iranian clerics, who wield ultimate power in the Iranian hierarchy and are ambiguous about what they want the Russian scientists to do.

Moreover, the Iranians have shown particular interest in learning about microbes that can be used in war to destroy or protect crops, as well as genetic engineering techniques that are vital both to legitimate research and to making deadly germs for which there may be no antidotes.

American officials assert that Tehran's biowarfare program may have already turned some germs and toxins into weapons, but they have scant information on Iran's progress.

To counter recruiting efforts by Iranians and others, the United States has quietly begun an effort to become the largest and best-funded competitor for the allegiance of Russia's former germ warriors. Washington is sponsoring scientist-to-scientist exchanges, joint research projects and programs to convert to civilian use laboratories and institutes once associated with the Soviet germ program.

The United States expects to spend at least \$20 million next year trying to keep Russian scientists peacefully employed at home.

"This is a high-stakes game to win the hearts and minds of Russia's best scientists, who are dangerous simply because of what they know," said Senator Dick Lugar, Republican of Indiana, who recently visited former Russian weapons sites now engaged in peaceful research.

Shortly after the Gulf War, Russian scientists said, Iran tried to recruit Russian biological scientists from leading germ laboratories. The effort largely failed, the scientists said, and Mr. Rezayati and other Iranian agents turned their attention to smaller institutes.

In an interview, Gennadi Lepyoshkin, the former director of Stepinorsk, a sprawling germ weapons plant in Kazakhstan, said that he had been approached in 1991 by Iranian middlemen who presented themselves as private entrepreneurs interested in establishing

commercial contacts.

"But their proposals were such that we immediately declined and ceased contact with them," said Mr. Lepyoshkin, whose plant once specialized in developing and producing anthrax weapons.

Scientists say the Iranians' 1997 visit to the All-Russian Institute of Phytopathology in Golitsino, which is about 50 kilometers (31 miles) west of Moscow, was typical.

Under communism, the institute made pathogens that would kill crops. But since the collapse of the Soviet Union, it has struggled to do peaceful research. In the last seven years, its staff has dropped to 276 from 1,200, and employees are paid only intermittently. Despite the hard times, the institute has become a leader in pesticide research and in transgenic plants, whose genes are manipulated to resist certain herbicides, insects and diseases.

About a year ago, one of its scientists bumped into Mr. Rezayati while visiting Moscow-based laboratories.

"Rezayati seemed to have visited most laboratories in the area," recalled the Russian scientist, who invited him to come to Golitsino and meet his colleagues.

Eventually, a five-man Iranian delegation made the trip and met, among others, Yun Spiridonov, a crop expert who is now head of the herbicide department. The Iranians expressed interest in scientific exchanges between Russia and Iran. Mr. Spiridonov said.

He told the Iranians that he had no objection in principle to such collaboration. But the delegation made Mr. Spiridonov nervous. For one thing, he said, only half of the Iranian scientists were women. "The others just sat there with their hands folded and said nothing," he said.

In addition, he said, they asked "troubling" questions about substances related to biological warfare. Mr. Spiridonov declined to elaborate, though he said, "these were no scientific questions," during an interview at that same office.

Wary of his guests' intentions and afraid of endangering his growing ties to Western scientists and companies, Mr. Spiridonov declined invitations to visit Tehran or to discuss his research in any detail.

But three other scientists at the institute did visit Tehran, and invitations keep coming.

Mr. Rezayati reached by phone in Moscow on Sunday and asked about allegations that he was helping to recruit Russian scientists for germ warfare, said such claims were both common and spurious, but added that he could say nothing more without Tehran's approval. He promised to seek permission. On Monday, his assistant said that Mr. Rezayati was no longer in Russia.

Western officials identify Mr. Rezayati as key official in the biology branch of an Iranian office that covertly shops for talent and technology involving nuclear, chemical and biological weapons. It also has responsibilities for public health.

That office, said Ahmad Hashim, a Middle East expert who is a consultant for the U.S. government, is well known for its relentless pursuit of expertise and technology in deadly weaponry, and not just in Russia.

"They are definitely hunters," a U.S. official agreed.

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INTERNATIONAL

Filling a Power Breach, Republican Whip Leads the Charge

By Eric Schmitt
New York Times Service

WASHINGTON — As Representative Tom DeLay of Texas, the third-ranking House Republican, whips and wheedles his colleagues toward impeaching President Bill Clinton, he seems to be filling the space between the departure of the House speaker, Newt Gingrich, and the arrival of the speaker-to-be, Bob Livingston.

But as crucial votes approach, it is increasingly clear that Mr. DeLay, the Republican whip, is filling not so much a leadership vacuum as a need of the new speaker. Mr. Livingston is more than happy to let Mr. DeLay take the lead on impeachment, and to put pressure on undecided moderate Republicans by denying them a vote on a censure alternative.

While Mr. DeLay's power has grown, not diminished, since the disastrous midterm elections that cost Mr. Gingrich his job, House Republicans say it is inconceivable that Mr. Livingston, a Louisiana representative, would let Mr. DeLay maintain such a high public profile if he did not approve of his tactics.

IMPEACH: Lawyers Start Clinton Defense

Continued from Page 1

the voters would not want their representative to vote for impeachment, while one third would.

Although the battle is being waged before the Judiciary Committee, the real fight is for the minds of perhaps two dozen Republicans in the full House who hold the balance of power in an impeachment vote.

Mr. Craig headed a broad-strokes defense, aimed not so much at contesting factual assertions from the independent counsel, Kenneth Starr, but rather at emphasizing the broad threat an impeachment could pose to the nation's business today and to the presidency in the future.

"From any fair reading of the constitution, and from any fair sounding," Mr. Craig said, "there was nothing justifying Congress's 'overturning a national election and removing our president from office.'

But Republican members of the committee questioned him repeatedly about what they said were the brazen and inexcusable lies told by Mr. Clinton when he was asked, first in a deposition in the Paula Jones sexual harassment suit, and later by a grand jury, about his relationship with Ms. Lewinsky.

Mr. Craig and his witness emphasized what they said were the vast dangers of an impeachment in response to a sexual dalliance.

It would make it easier, they said, for future congresses to attack politically unpopular presidents.

They also insisted that the Lewinsky affair was far less grave than the official abuses of power that led to articles of

"DeLay's role gives Livingston the chance to be a statesman," said Representative Zach Wamp, Republican of Tennessee, who is a close Livingston ally.

In recent days, Mr. Livingston has been busy courting conservatives wary of his tendency to cut deals with Democrats. He is strengthening ties with his leadership lieutenants, like Mr. DeLay, the chief Republican vote counter. And he is opening a long-closed door to conservative Democrats, beckoning them to join Republicans on addressing issues from Social Security to tax cuts.

What Mr. Livingston does not want, in the weeks leading up to his formal assumption of the speaker's job next month, is to be remembered as the man who let Bill Clinton off. Nor, with an eye on a future when Mr. Clinton may still be president, does he want to be known as a fanatic for impeachment. For those reasons, he gives Mr. DeLay lots of running room — for now.

"There's a strategy, a psychology, for someone in a leadership position to take a leadership point of view," said Representative Joe Knollenberg, Republican



Tom DeLay, the House Republican whip, is leading the impeachment charge.

The Associated Press

articles of impeachment to the House floor this week — and postpones Mr. Livingston's crucial decision on whether to allow a censure vote if impeachment fails.

While publicly pooh-poohing his influence, Mr. DeLay acknowledged as much on Sunday. "Gingrich is referring and deferring to Bob Livingston, and Bob is waiting for the report to come from the committee before he decides," Mr. DeLay said.

Mr. DeLay's Capitol Hill office is humming with the buzz of impeachment. Squads of young aides are readying their speech-drafters to summon lawmakers back to vote on one or more articles of impeachment next week. Staff members are clearing their desks to give dozens of Republican lawmakers who are retiring or lost their elections — and lost their offices — a place to pen notes and call colleagues.

With Mr. Livingston lying low, Mr. Gingrich all but gone and Representative Dick Armey, Republican of Texas, the majority leader, still licking

his wounds from a bruising fight to keep his leadership job. Mr. DeLay has filled the breach, using his vaunted whip operation to lead the impeachment charge against Mr. Clinton.

The very fact that Mr. DeLay, a pugnacious, steely-eyed son of an oil driller, is virtually alone among his fellow House Republican bosses on the impeachment stage, is tilting the way the drama is playing out.

"When you combine his leadership role and ability to count votes, and his personal feelings on this issue, it'd be hard for him not to be a central player," said Representative Howard McKeon, Republican of California, one of Mr. DeLay's assistant whips.

A hard-core conservative with close ties to the Christian right, Mr. DeLay painted a hull's-eye on Bill Clinton soon after the scandal involving Monica Lewinsky broke in January. He was one of the first Republicans to call on Mr. Clinton to resign, and in August, when other Republicans were shying away from



Bob Livingston, the House speaker-to-be, with his wife at an awards ceremony. He seems happy to remain above the fray.

challenging Mr. Clinton, Mr. DeLay brought his whip staff back from vacation to go on the attack.

His office acted as a congressional scandal clearinghouse, sending Republicans a thick binder of newspaper clippings, political history and Mr. Clinton's remarks from 1974 on Richard Nixon's impeachment inquiry, even before Kenneth Starr, the independent counsel, sent his report to Congress.

"For me," Mr. DeLay told radio listeners recently, "it's already been established that anybody who lies to the grand jury ought to be impeached."

With Mr. Gingrich retiring, House Democrats and the White House are trying to paint Mr. DeLay as their new bogeyman — the Republican that Democrats love to hate.

Mr. DeLay, a 51-year-old former pest exterminator from Sugar Land, Texas, is practically itching for a fight. "They tried to demonize Henry Hyde, they tried to demonize Linda Tripp, so I guess I'm the next candidate," said Mr. DeLay, whose nickname is the Hammer. "I'm ready for it."

What has turned Mr. DeLay from just another sharp-edged critic of the president to the man who may deal Mr. Clinton his most stunning defeat is the Texan's close ties to Mr. Livingston.

A deft politician, Mr. DeLay was one of the earliest backers of Mr. Livingston's campaign to succeed Mr. Gingrich, bringing with him the 65 whips in his vote-counting organization. The alliance sealed the speakership for Mr. Livingston.

As a reward, Mr. Livingston implicitly agreed to increase Mr. DeLay's budget and staff, and to give Mr. DeLay more say over the scheduling of legislation. Mr. DeLay also captured his most coveted empire-building prize: liaison to business groups, conservative groups and trade associations.

Mr. DeLay insists he is not formally keeping tabs on Republicans' impeachment votes. Both he and Mr. Livingston say any vote to impeach the president would be a vote of conscience for each member.

But moderate Republicans say that Mr. DeLay's views, combined with many Republicans' annoyance at the tone of Mr. Clinton's replies to 81 questions from the Judiciary Committee, have swung the momentum toward impeachment.

In three separate conference calls last Wednesday with his whips, Mr. DeLay took the temperature of House Republicans. This is what he heard: an up or down vote on impeachment this year, and no censure. Armed with that information, Mr. DeLay is tightening the screws on undecided Republicans.

"His clout derives from his consistency," Mr. Wamp said. "He's a bulldog on the positions he takes."

SPACE:
Station Is Hooked Up

Continued from Page 1

Ross had hooked up two cords, each carrying four cables, between Unity and the airlock tunnel that attaches it to the shuttle and through which the astronauts plan to enter the station Thursday.

By 0130 GMT, the spacewalkers were more than an hour ahead of schedule. But Mr. Ross said that some of the cables located in chilled shady spots were so stiff that they were difficult to work with. Some connectors seemed unexpectedly delicate, requiring careful handling.

Engineers designed the hardware and its installation to minimize difficulties for the spacewalkers. The sockets and cables, the results of years of design work, were made to be handled easily by gloved hands, with latching mechanisms that pull the two mating surfaces into alignment. Every crucial connection has a backup in case a socket is damaged or fails to fit.

The spacewalk was the first of three planned for this shuttle flight and the first of more than 160 that will be required to build the \$63 billion international space station over the next five years.

"Fantastic!" Mr. Ross said when asked about the view from his work site. "When I have time to look," he added.

To aid movement for themselves and future crews, the spacewalkers installed an 18-foot slide wire down Unity's hull to which a tether can be attached to secure astronauts to the structure. This enabled Mr. Newman to move up to the junction of Zarya and Unity. Ms. Currie lifted Mr. Ross there, where he connected the last six cables, by fully extending the shuttle arm.

As the crew started on that final set, about 0200 GMT, ground controllers reported they were receiving signals from Zarya that showed all the connections made so far were working. The shuttle crew spent the rest of Tuesday raising the orbit of the space station by a few miles and resting up for the spacewalk Wednesday, which will focus on installing 100-pound (45-kilogram) satellite communication antennas on Unity so that the outpost will not have to depend solely on Russian ground stations that communicate through Zarya.

Tension Climbing in West Bank Before Clinton Visit

The Associated Press

JERUSALEM — New incidents of violence erupted Tuesday in the West Bank as domestic pressure mounted on Prime Minister Benjamin Netanyahu to abandon the Wye River land-for-peace agreement with the Palestinians.

The violence and Israel's political turmoil came just days before the start of President Bill Clinton's visit to Israel and the Palestinian areas.

The trip was intended to shore up the agreement negotiated in October at the Wye Plantation in Maryland and restore calm to the region, but appears to be having the opposite effect.

In Gaza City, armored personnel carriers were deployed outside the convention center where Mr. Clinton is to address 1,500 Palestinian delegates next week. Later in the week,

streets around the hall will be sealed. The Palestinians have presented a plan for protecting Mr. Clinton to U.S. Secret Service agents in Gaza and the United States, in turn, has given the Palestinians sophisticated bomb detection devices.

The militant Islamic group Hamas has not openly threatened the president. But it is bent on derailing U.S. peace efforts.

In three separate West Bank clashes Tuesday, Palestinians threw stones at Israeli troops and motorists. In the town of Ram, north of Jerusalem, soldiers fired tear gas and rubber bullets at high school students, injuring four. In the Kalandia refugee camp, troops fired rubber bullets after their jeep was stoned and an officer was slightly injured. Near Bethlehem, an 11-year-old Israeli girl was hurt when stones struck the car she was riding in.

On Monday, when the hill came up for a first of three readings, Mr. Netanyahu still did not have enough support. In a desperate move to buy time, he had a coalition partner, the United Torah Front, seek a no-confidence vote in his own government, thus postponing the elec-

tions on early elections by two weeks.

■ Albright Admonishes Sharon

STEVEN ERLANGER, of The New York Times reported earlier from Washington:

The United States scrambled Monday to keep the October agreement between Israel and the Palestinians on track, with Secretary of State Madeleine Albright warning her Israeli counterpart, Ariel Sharon, to adhere to the timetable set in the agreement and not to add new conditions.

Later Monday, Mr. Clinton dropped by a meeting between Mr. Sharon and Sandy Berger, the national security adviser, and spent about an hour discussing the new problems in the Middle East.

Mr. Clinton's visit this weekend to the region is likely to be devoted to damage control as much as to celebration, one American official said.

In his news conference with Mrs. Albright, Mr. Sharon repeated Israeli warnings that the second phase of the Wye agreement, requiring Israeli pullbacks from the West Bank in return for specific Palestinian steps to combat terrorism, could not go ahead if the Palestinians did not keep their own commitments.

He accused the Palestinian leader, Yasser Arafat, of "activating and encouraging" what Mr. Sharon called a "renewed intifada," or uprising, that represents "a very difficult and critical obstacle to the continuation of the peace process," which we all want to done.

Later, Mr. Sharon again warned that if Arafat unilaterally declares Palestinian statehood after May 4, 1999, when the steps toward peace set out in the initial Israeli-Palestinian agreement in Oslo are formally completed, Israel would annex parts of the West Bank not yet given to the Palestinian Authority.

Mrs. Albright dismissed questions about whether Mr. Clinton might postpone his visit, saying that the visit itself is a part of the agreement.

Every utterance he has made has been rejected as "insincere," said Bill Carrick, a Democratic strategist based in California. "They're going to be in a state of shock when they see what the House has done."

So far, they say, nothing formal is planned. Several political advisers, who in the past have encouraged an aggressive public stance, now wonder whether there is anything to be gained.

"When most members of Congress retire," he said, "they are quickly forgotten and few people will remember what their specific accomplishments are. This is a vote people will remember when they were there. This is one they have to live with the rest of their lives."

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NYSE

Tuesday's 4 P.M. Close

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The Associated Press

The Associated Press.

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Continued on Page 20

NASDAQ

Tuesday's 4 P.M.
1000 most traded National Market securities of dollar value, updated twice a day
The Associated Press.

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NYSE

Tuesday's 4 P.M. Close
(Continued)

(Continued)

Analysts Taking a Skeptical View of Thai Growth Targets

Agence France-Presse

BANGKOK — The ink is still drying on Thailand's most recent agreement with the International Monetary Fund, but doubts have already emerged over the country's ability to meet ambitious growth targets laid out in the document.

"Although many economists and analysts agree that Thailand, the country where the Asian economic crisis began in July 1997, will be the first country to emerge from the crisis, many also doubt it will see economic growth next year as the IMF predicts."

"For Thailand, we forecast minus 8 percent growth this year, and we expect a decline of 1 percent next year," said Shu Tainari, chief

economist for Industrial Bank of Japan Ltd.

The Thai cabinet signed Bangkok's sixth letter of commitment to the IMF this week in exchange for another slice of its \$17.2 billion rescue package. The package assumes growth of 1 percent in 1999.

But Neil Semple, an analyst at Bangkok-based ABN-AMRO Asia, said he expected a contraction of 2 percent in real or inflation-adjusted gross domestic product next year.

Asia's recession is expected to stretch into 1999, and Thailand will

not escape, many analysts say.

With the U.S. and European economies slowing and regional government finances under pressure, it is unlikely that an export-led

recovery will materialize.

IMF officials earlier hailed Thailand's economic reforms and declared the country's worst-ever financial crisis almost over.

Anoop Singh, deputy director of the IMF's Asia-Pacific department, said Thailand was poised to reap the rewards of its painful reforms, with growth likely to return in the second quarter of next year.

But Thailand still faces a tough road, including the challenge of getting key reforms through Parliament.

"People tend to expect these fairly nasty or difficult bills to be rammed home with zero opposition," said Srian Pietersz, a strategist at SocGen Crosby, but no

legislation of this type has ever been pushed through Thailand's legislature.

The debate over the legislation — amendments to bankruptcy, foreclosure and foreign business laws, in particular — sent jitters through the stock market, which plummeted 9.5 percent last week.

The government said Friday it had reached broad agreement with opponents in the senate over the bills. Opposition groups in Parliament, led by the New Aspiration Party, accuse the government of selling out to the IMF and risking Thailand's economic sovereignty by handing assets to foreigners.

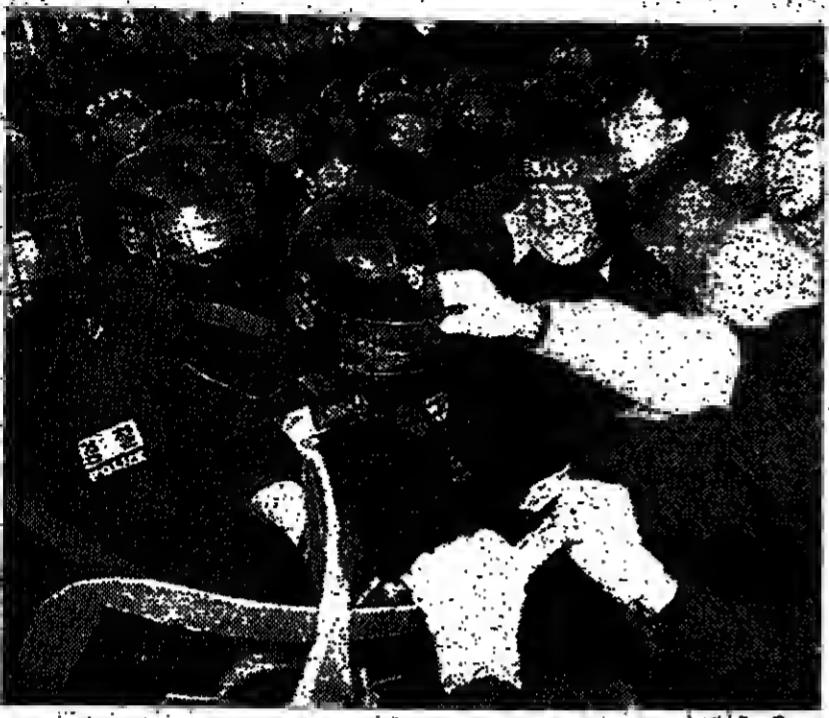
Deputy Prime Minister Supachai Panichpakdi said last week that this underscored the need for change.

confident that the laws supporting financial and economic reform would be passed by Parliament before the end of the first quarter of 1999.

Mr. Supachai, who is also commerce minister, promised new foreclosure and bankruptcy laws before March.

In a bid to make up for lost time, the government this week will hold a public forum at which ministers will explain the implications of the finance bills.

Total Thai corporate debt to foreign and local creditors stands at as much as 7 trillion baht (\$194.4 billion), Mr. Supachai said, adding that this underscored the need for change.



Trade union leaders fighting with riot police in Seoul on Tuesday.

CHAEBOLE: Slow and Painful Slimming

Continued from Page 17

lights of the agreement Monday. The agreement states that the two groups "will finalize an implementation plan which will in effect transfer Samsung's automobile business to Daewoo and Daewoo's electronics business to Samsung by Dec. 15."

Reminded of the approaching deadline, Kim Tae Gou said the agreement meant "until that date we will discuss the procedures." Only then, he said, could the groups get into details on "conditions" for the transaction.

Lee Hua Jai, chairman of the government's Financial Supervisory Commission, said the chairman of the Daewoo group of companies, Kim Woo Choong, and his counterpart at Samsung, Lee Kun Hee, had personally agreed to the exchange.

As in all the business swaps that are planned, however, the hard part begins when the groups begin bargaining over the assets and debts of their troubled companies. The Samsung group invested \$2 billion in a facility designed to produce 240,000 cars a year, but the company has sold just 41,777 cars since beginning regular production in March.

SIGMA: Management's New Theology

Continued from Page 17

Here is an example: Say a customer wants to be billed on the same day each month. With Six Sigma, making that happen means analyzing the interaction of everything involved in processing that customer's order.

When and how does the sales department send through paperwork, and at what point does a difference in days, hours, even minutes, have an impact on when the bill goes out? Does it make a difference when shipping coordinates with billing? How long does mail sit in the mail room, and at what point does it matter?

Once everything is quantified, the what-if scenarios begin: Would a stricter paperwork processing schedule make mail room bottlenecks irrelevant? Would adding a person in accounting give the mail room an extra hour's leeway?

In principle, Six Sigma is little different from the type of analysis that Frederick Taylor, the industrial efficiency pioneer, might have performed with stopwatch and notebook a century ago. But in Six Sigma analyses, there are thousands of permutations and combinations — probably too many for the human mind to fathom, although easy enough for even a moderately speedy computer. Thus, modern information technology has made Six Sigma a practical way to identify the optimum configuration of most products or processes.

"Six Sigma gets people from all over the organization to work together on improving the end product, not just their individual piece of it," said Frank Jones, a Six Sigma specialist at the management consulting firm Booz-Allen & Hamilton.

In the case of the new GE Medical Systems product — a superfast diagnostic scanner called the Lightspeed — 200 people spent nearly three years and almost \$50 million to run 250 separate Six Sigma analyses. While one team was checking out the reliability of measurement devices, another was figuring out which factors affect the scanner's life, while yet another was dissecting major influencers that could be massaged to filter out picture-blurring electronic noise.

The Lightspeed, like many diagnostic scanners, employs computed tomography, or CT. CT scanners work by sending electromagnetic waves through the body and recording the amount of

absorbency differentially — bones absorb more than flesh, for example — the emerging waves, in the form of light, yield a good picture of the internal landscape they have passed through. The scanners let doctors study wafer-thin cross sections of parts or all of a patient's body without making any incision.

GE Medical Systems, which already controls 39 percent of the \$1.6 billion global market for scanners, has high hopes for the Lightspeed.

The new scanner captures multiple images simultaneously, requiring only 15 seconds to do full-body scans that once took three minutes — important because patients must remain perfectly still during the scan. And unlike previous CT scanners, the Lightspeed does not need to cool down for as long as three minutes between uses.

"The speed is breathtaking, and it ran without downtime from the start," said Dr. Carl Ravid, chairman of the department of radiology at Duke Medical Center.

The Lightspeed is not perfect, of course, but Six Sigma enabled GE Medical to anticipate which compromises doctors would accept. For example, the Lightspeed takes slightly thicker scan slices than doctors normally specify, but no one complained because the thicker slices were virtually free of electronic noise.

"Six Sigma lets us predict the amount of variability that customers will tolerate before they perceive it as a defect," said Marc Ometo, who oversees Six Sigma projects at GE Medical.

Six Sigma itself is not perfect, either, because it cannot compensate for human error. Take what happened when GE tinkered with the computer that translates the data the scanner collects into images an operator can read.

CT scanners generate a lot of heat, and the heat often caused the printed circuit boards to overheat. A Six Sigma team figured out that by perforating the metal box that holds the boards, they could dissipate the heat. They were right — except that they forgot to check what other impact that change might have.

"You must take it step by step," said Charles Young, a GE spokesman who has been steeped in the process. "You get into trouble if you compromise the rigor of the process. You can't skip steps and jump to premature conclusions."

Continued from Page 17

Mr. Lee said, adding that the increase in output could be as much as 11.3 percent to 11.4 percent in December.

Independent analysts agreed that the stimulus package had pushed output higher but questioned whether China's economic fundamentals had improved.

"The worrying thing is that the rise in production is the result of government spending rather than increases in private investment and private consumption," said Duncan Woodbridge, a Merrill Lynch economist.

"There are some obvious symptoms of excess capacity, including falling price indices," he added.

Many companies say increasing output is not producing fatter profit margins.

"Just because we produce more doesn't mean we are selling everything," said Zu Xuechao, director of planning of the trading arm of Baosteel Group, China's biggest steelmaker.

China's economy remains one of the fastest-growing in the world, according to official figures. The government is expected

to report this month that the economy grew close to 8 percent this year, even as many Asian economies have been shrinking.

The government has maintained growth near the 8.8 percent recorded in 1997 by encouraging local authorities and state-owned banks to increase spending on infrastructure.

Light and heavy industrial output both rose 11 percent last month compared with November 1997, the State Statistics Bureau said.

Production of mobile-telephone equipment, for instance, is up 83 percent in the first 10 months of this year from the same period last year.

But some industries still have problems.

"The steel market is still bad," said Mr. Zu of Baosteel.

"Prices are still falling."

Last month, companies sold 96.59 percent of their output, up 0.62 percentage point from a year earlier. For the first 10 months of the year, the sales-to-output ratio was 95.89 percent, 0.1 percentage point more than in the like period last year.

(Bloomberg, Bridge News)

Top managers of Air India say the losses were mainly due to an increase in interest payments on loans and have argued that the losses should be borne by the government.

A national commission in August advised the government to shed 60 percent of its holding in Air India and find a strategic partner, saying there was little future for the carrier.

Air India is the country's international carrier, while Indian Airlines is one of the largest domestic airlines in the region.

Both airlines are seen as overstuffed and are notorious for delays. Air India last month asked the government to help it overcome mounting losses, saying its survival was at stake.

The Indian Express newspaper quoted Indian Airlines' chairman, P.C. Sen, as saying that management had "set the ball rolling for the eventual merger."

Air India reported losses of \$67 million for the year ending in March and a further \$26 million over the subsequent five months.

Struggling Indian Carriers to Merge

Agence France-Presse

NEW DELHI — India's two unprofitable state-owned airlines have decided to merge in three years, the Press Trust of India reported Tuesday.

The chiefs of Air India and Indian Airlines have agreed to set up a company with joint management, paving the way to a merger, the news agency said.

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Thai Lender Seeks State Aid As Debt Grows

Bloomberg News

BANGKOK — Siam Commercial Bank PCL, facing mounting loan defaults, said Tuesday that it would seek a bailout from Thailand's central bank by swapping new shares for much-needed capital.

Thailand's fourth-biggest bank becomes the first lender to seek state aid voluntarily in exchange for ownership control, under a finance industry rescue plan unveiled in August.

Siam Commercial said it wanted to raise at least 22 billion baht (\$612 million) of capital, half from the state Financial Institutions Development Fund and the rest from existing shareholders, led by the Thai royal family's Crown Property Bureau and Sanwa Bank Ltd. of Japan.

I have talked with Sanwa and the Crown Property Bureau, and they agreed to support us in a capital increase," said Olam Chaiyavat, Siam Commercial's president.

Mr. Olam said the new shares would be split between the FIDF and current shareholders, the latter through a rights offering. When complete, the FIDF would become the largest shareholder with a 40 percent stake.

Siam Commercial is the first bank to say it will seek equity capital from the government-funded program, developed in conjunction with the International Monetary Fund and World Bank.

The government shuttered or seized two-thirds of the country's finance companies the last year, as the property and share markets plunged, the currency devalued and recession crippled the banking industry.

Though almost all Thailand's remaining lenders need more capital to keep their balance sheets at regulatory standards, banks have been reluctant to seek government help because a requirement of the program is that existing shareholders' equity must be written off against bad loans.

"You must take it step by step," said Charles Young, a GE spokesman who has been steeped in the process. "You get into trouble if you compromise the rigor of the process. You can't skip steps and jump to premature conclusions."

"Six Sigma lets us predict the amount of variability that customers will tolerate before they perceive it as a defect," said Marc Ometo, who oversees Six Sigma projects at GE Medical.

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INTERNATIONAL INVESTING

Investors Find Buying Drug Stocks Has No Side Effects

By Marthe Fourcade
Bloomberg News

PARIS — Can you remember a better time to buy drug shares? Many investors say they can't.

The cost pressures that prompted drugmakers last week to announce the two biggest European linkups since Ciba-Geigy AG and Sandoz AG formed Novartis AG in 1996 have not relented, and investors said they were gearing up for a rash of mergers that may involve Astra AB of Sweden, Novartis AG of Denmark, Ge Schering AG of Germany and Zeneca Group PLC of Britain.

While that is a gamble, investors said it was a safe one because the prospect of slow economic growth suggested such investments would pay off anyway:

Drug shares tend to be among the least sensitive to economic swings because, when times are hard, consumers cut back on nonessentials such as perfume and clothing rather than on medicine.

"Merger prospects add spice to what

was already a good investment," said Alan Day, a manager at Stratwest Group in Burlington, Vermont.

As recession in Asia and parts of Eastern Europe and Latin America threatens to choke European economic growth, investors said, pharmaceuticals are a good way to cushion the blow.

"Drug stocks are a bit like an insurance policy," said John Hatherly, a manager at M&G Investment Management Ltd.

"You can't afford to be out of them."

Signs that European growth is slowing prompted the European Union last month to cut its 1999 growth forecast for the 11 countries adopting the single currency to 2.6 percent from 3.2 percent. Consumer spending alone accounts for two-thirds of most European countries' gross domestic product.

But drugs are as recession-proof a consumer product as there is. "I'd cut back on makeup and clothes, but I can't imagine a situation where I'd stop buying medicine," said Magali Etienne, a suburban Paris mother.

European governments are increasing the pressure on drugmakers to join forces, analysts said. As tax revenues fall along with company profits, most countries are also trying to cut deficits. Spending on health care — a mounting expense in developed countries — is one of the key areas where they seek to cut costs, by capping or lowering drug prices and looking to restrict government health programs.

The tie-ups announced last week are also bound to serve as a wake-up call for many other drugmakers that need to cut costs and bolster their drug pipelines to compete better in the \$242 billion industry, according to investors. Pressures to merge and the expectation of slowing economic growth prompted Olivier Lefevre, a manager at Monie Paschi Banque in Paris, to increase by 15 percent the proportion of his portfolio devoted to drugs from less than 10 percent before the summer.

Shares in Rhône-Poulenc SA and Hoechst AG, the biggest drugmakers in

France and Germany, had already climbed more than 30 percent in a month on merger speculation when the companies said last week they would join forces to create Europe's top drugmaker. Shares in the French drugmakers Sanofi SA and Synthelabo SA, which said the same week that they planned to combine to create the European industry's ninth-biggest company, had risen about 20 percent in the two months leading up to the accord.

Analysts pointed to three needs that may drive drugmakers to consider a merger or takeover: money, access to successful drugs and marketing reach.

Some are looking for a partner that can afford to pump money into research. A merger with Synthelabo would allow Sanofi, which has 21 compounds in clinical development, to benefit from its own research instead of looking for marketing partnerships to help shoulder the cost of product development, analysts said. Increasing research budgets also

raise the chance that smaller companies

can compete with the heavyweights that emerged from an earlier wave of industry consolidation such as Novartis and Glaxo Wellcome PLC.

Others need to bolster their pipeline of existing drugs: Novo Nordisk, for example, is looking to reduce its reliance on treatments for diabetes — it is the world's largest maker of insulin. On which many diabetics rely. In September it had to abandon development of its osteoporosis drug levofoxacin, which it had hoped would help widen its range of successful drugs, and now analysts say joining with another company may be the best way to do that.

Sometimes, even companies with the most popular products need outside help. Analysts said Astra needed to widen its range of drugs before the patent for its ulcer treatment Loscet, the world's No. 1 prescription drug, expired in 2001.

Others seek a bigger marketing network to promote their products. Analysts said Schering, the world's largest maker of oral contraceptives, would benefit from a better reach in the United States, the most profitable market for drugs.

Some companies decide to combine because they are looking to solve all three problems at once, as analysts said was the case with Rhône-Poulenc and Hoechst.

While medium-sized drugmakers are the most likely merger candidates, analysts said they were not the only ones.

"There is a group of larger companies that are edging giddily down that route, but can afford to wait until they find the right mate," said Robio Campbell, an analyst at Paribas Capital Markets in London.

Those include Glaxo Wellcome and Schering-Plough, which held merger talks this year.

Investors said mergers in the drug industry tended to go down well with shareholders because companies could argue that they were in a business where profits were growing and that they could enhance their growth prospects by combining. Sanofi and Synthelabo, for example, were expected to report double-digit profit growth this year and next even before they said they would join forces.

"The negative side is that of course what it means is that the market says, 'Hey, the recovery rate is actually much lower, and therefore the damage to the banks' capital is actually much worse.'

Goldman Sachs and General Electric are reported to be interested in buying as much as \$600 million of real estate in South Korea, much of it foreclosed collateral from bad loans.

Henry Cornell, a Goldman managing director, said the firm would participate in that auction this week and was reviewing the assets that were being put on the block.

Very briefly:

• E*Trade Group, Inc., the No. 2 on-line trading company, said Tuesday that customers could now trade bonds through its Web site, www.etrade.com. The E*Trade Bond Center is providing market data and the ability to place on-line orders for U.S. Treasury, corporate and municipal bonds.

• Steven Green, the U.S. ambassador to Singapore, warned Tuesday that recent optimism buoying markets in Asia was unfounded and that the region must continue attempting economic and political reforms to spur a recovery in growth rates. "I see no fundamental change in Asia over the past 90 days to justify a sustained rally in the financial markets, much less to sustain economic growth in the years ahead," Mr. Green said.

• The World Bank and European Investment Bank are considering their first sale of bonds denominated in Singapore dollars to help develop Singapore's local debt market. International Finance Corp., the World Bank's private-sector lending arm, in October became the first development bank to sell such bonds, with a sale of 300 million Singapore dollars (\$181 million).

• The Hong Kong Stock Exchange said Tuesday that it would join other major companies in freezing the salaries of its 450 employees next year. "The economy is not that good," a spokesman said.

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"The oil mergers we've seen were mostly a cost-cutting exercise" to cushion a drop in earnings, said Plum Shipton, a European equity strategist at Merrill Lynch & Co., "whereas in pharmaceuticals, the emphasis is on faster growth."

Bloomberg, AP, Reuters

Western Firms Look for Bad-Debt Bargains in Asia

Bloomberg News

HONG KONG — South Korea and Thailand plan to auction billions of dollars of bad loans and foreclosed real estate this month — and companies including Goldman, Sachs & Co. and General Electric Co. are likely to try to snap up bargains.

The countries plan to auction as much as \$10.5 billion in assets, but analysts say the sale will not bring the revenue the sellers are hoping for.

"I think they'll be successful in terms of selling the assets," said David Roche, president of Independent Strategy Ltd., a London consultancy.

"But I think that in the case of Thailand in particular the percentage which they'll get — in other words, how much people pay compared to the original value of the loan — will be much lower than what people are expecting."

South Korea will auction as much as \$500 million of bad loans and real estate this week.

The success or failure of that sale will be closely watched, as bidders hope to

set a precedent of paying bargain-base-ment prices that they will be able to follow in Thailand next week and in Malaysia early next year.

Malaysia's Pengurusan Danaharta Nasional Bhd., a financial restructuring agency, has bought 1.06 billion ringgit

(\$278.5 million) of bad loans and may buy an additional 12.78 billion ringgit. Those assets are expected to go on sale early next year.

As recession-plagued countries across Asia court foreign investment, the investors, including companies such as Goldman and General Electric, are starting to shun traditional stocks and bonds in favor of buying directly into a company or picking up distressed debt.

newsletter.

South Korea has been the favorite place for private equity investments — buying large chunks of shares that are not publicly traded — attracting \$319 million.

Still, the more successful foreigners are at negotiating their purchases, the longer it will take countries to recoup the money they need to revive their shrinking economies and recapitalize hundreds of insolvent banks.

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INTERNATIONAL INVESTING

Merger Morass: History of Big Takeovers Isn't a Pretty One for Investors

By Gretchen Morgenson
New York Times Service

NEW YORK — A year ago, the stock of U.S. Office Products Co. was a star. The company had just reported surging sales and earnings for the quarter. Its shares had more than quadrupled since going public two and a half years earlier.

It was a magnificent performance from a company selling the mundane: paper clips, note pads and swivel chairs. U.S. Office Products had wanted to be the leader in its field, so it had followed the lead of much bigger companies in industries as varied as retailing, banks or health care. It bought the competition.

Amid acclaim from investors, U.S. Office Products acquired hundreds of mom-and-pop office-supply stores, and in one year its sales rocketed to \$2.8 billion from \$702 million.

But being big has lost its luster at U.S. Office Products. Sales growth has slowed, and the company has just announced a quarterly loss of 11 cents a share. Its stock has tumbled almost to half its offering price.

In early trading Tuesday, the stock was at \$3.375, compared with its offering price of \$10 on Feb. 15, 1995.

Io a month dominated by mergers of enormous banking and oil companies, not to mention the purchase by America Online Inc. of Netscape Communications Corp., the story of U.S. Office Products is a small but cautionary one. Even as the executives of Exxon Corp. and Mobil Corp. and those of Deutsche Bank AG and Bankers Trust Corp. contend that their marriages will create a "best of breed," the history of mergers is often not pretty for shareholders.

Although stocks of some acquirers may rise on the news of a combination, a variety of studies show that over the longer term—one year or more—most mergers result in stocks that trail those of other companies in their industry. Many mergers result in actual losses for shareholders.

Furthermore, the odds of shares underperforming in current mergers are almost certain to increase going forward, given today's sky-high stock prices.

Who the price of premiums to the acquired company's shareholders and the costs of integrating two companies are added, such lofty prices make it almost impossible for these deals to

bring benefits to shareholders.

"In some individual mergers, it could be that size is helpful in meeting world market demand," said Richard Sylla, professor of economics and financial history at New York University's Stern School of Business. "But a lot of history shows us that bigger isn't necessarily better."

The merger wave is particularly risky to shareholders because many deals are not only about what they can deliver to the customers or the shareholders but also about what they provide, directly and indirectly, to top management.

That is because the deals often help executives keep their companies' stock prices high—at least initially—by increasing revenues, essentially making the companies' grow faster than they could have done on their own, some analysts and academics contend. Among more aggressive management, acquisitions allow them to perform accounting that help make their financial statements appear sounder than they actually are.

That does not mean, of course, that a number of mergers are not driven by necessity. In a world awash with cheap oil, for example, combining Exxon and Mobil to cut costs makes sense to many analysts.

Outside the oil patch, many of today's corporate combinations are necessitated by too much competition. Too many goods produced by nations around the world that are embracing capitalism for the first time means that an increasing number of established companies are finding it hard to raise sales or profit margins.

The solution has been to get bigger, even if it means joining forces with a company that used to be a competitor.

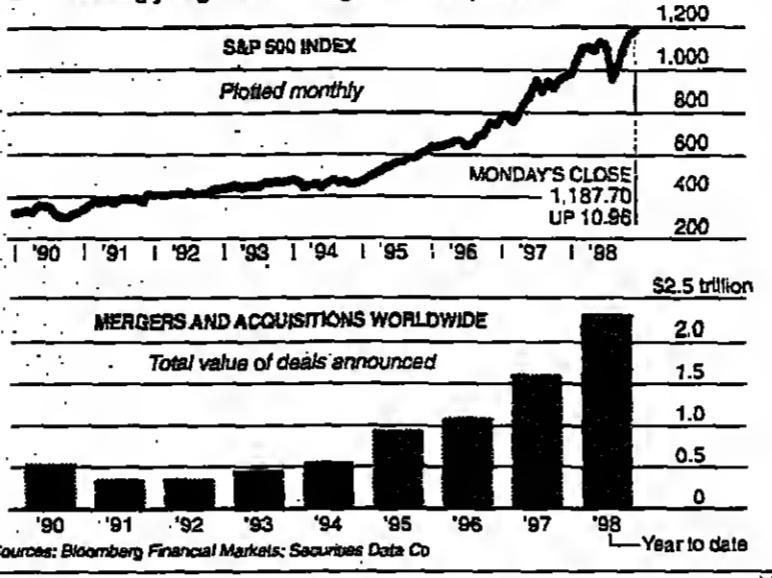
To the degree that mergers reduce excess capacity, they do provide a benefit. But since these combinations also usually involve huge layoffs, these benefits do not come cheaply.

These forces have made 1998 a banner year for mergers. So far this year, 23,926 deals have been announced or completed worldwide for a total value of \$2.31 trillion, breaking last year's record of \$1.6 trillion of deals. In 1994, there were 19,166 deals with a value of \$560.3 billion, according to Securities Data Co.

This growing appetite for deals has been whetted by the stock market,

Monopoly Money?

Rising stock prices, and the rewards those stock prices deliver, play an increasingly large role in mergers and acquisitions.



Sources: Bloomberg Financial Markets; Securities Data Co.

Chief executives' obsessions with ever-rising stock prices, and the rewards those stock prices deliver, play an increasing role in merger mania today, some academics say.

High-priced stocks make mergers easier than ever. For chief executives faced with slowing internal sales growth, an easy solution is to bolster revenue by buying another company.

About 70 percent of the value of mergers and acquisitions today is paid for with stock, according to Mark Sirower, professor of mergers and acquisitions at the Stern School of Business.

Ten years ago, by contrast, 90 percent of such transactions were all-cash deals.

Proof that increased stock prices drive merger activity can also be seen in the value of deals done in September, when the stock market was falling, a mere \$51 billion, down from about \$200 billion a month in the spring.

As merger decisions become driven in part by higher stock prices, it is almost certain that more combinations will fail.

"Today, acquisitions require more discipline than ever before because of the overall market value of the firms,"

Mr. Sirower said. "We're looking at

already producing dismal returns.

In a study of 100 large deals completed between 1994 and 1997, Mr. Sirower found that two-thirds resulted in immediate and outright losses to shareholders and that the resulting companies wound up underperforming their industry peers over the long haul.

That trend is almost identical to one found in a similar study Mr. Sirower did in the 1980s. Even during a bull market, mergers can undermine stock values. A recent study by Mitchell Madison, a consulting firm, found that from 1995 to 1998, a period of great gains for the market overall, stocks of merged banks underperformed their peers 82 percent of the time.

Such rates of failure are likely to increase in the future because the high prices of most stocks make it even more difficult for executives running the huge combinations to make them succeed.

"Today, acquisitions require more discipline than ever before because of the overall market value of the firms,"

Mr. Sirower said. "We're looking at

companies now that are so highly val-

ued on their own that they already have to run very hard just to stay in place."

Even with price/earnings ratios on many big-capitalization stocks at dizzying heights, investors are clearly expecting great improvements from these companies in the future. Add a takeover premium to these prices, and you get expectations that even the most brilliant manager could not hope to meet.

History also has an ominous lesson for shareholders involved in today's megamergers: In the past, the larger the target was, the lower the return to the buyer generally was.

If you overpay for a company that is equal to 1 percent of your overall revenues, whether you overpaid is not going to have a big impact on shareholders," said Eli Ofek, professor of finance at the Stern School. "But if you overpay in an Exxon-Mobil case, it will have a huge impact."

Most acquisitions fail, academics say, because the post-merger company's business cannot support the price paid to forge the combination.

Consider two cases from 1994. One was Novell Inc.'s \$1.4 billion purchase of a rival software producer, WordPerfect. Less than two years later, Novell sold the company for \$200 million to another software maker. Also in 1994, Quaker Oats Co. bought Snapple, a beverage manufacturer, for \$1.7 billion. Three years later, Quaker sold its acquisition for \$300 million.

One reason that stocks of the acquirer may underperform is that investors realize sheer size by no means translates into higher profits.

Take the drug industry, one that the United States dominates. Three of the biggest drug sellers — Merck & Co., Bristol-Myers Squibb Co. and Johnson & Johnson — have had earnings growth below the 16 percent average growth for the group. The two honest players at the moment are smaller: Schering-Plough Corp., with earnings growth of 22 percent so far this year, and Warner-Lambert Co., with 41 percent growth.

Size also has a habit of thwarting innovation. Consider the great innovation that has transformed the telecommunications industry since the breakup of AT&T Corp. in 1982.

But despite the potential burdens of high-priced acquisitions, they do at first provide another way for executives to

keep their stock prices high — through aggressive accounting tactics that make their financial statements appear to be stronger than they actually are.

Mergers give companies an opportunity to take very sizable write-offs, creating a camouflage to clean up a lot of things on the balance sheet," said Howard Schilit, president of the Center for Financial Research and Analysis in Rockville, Maryland. "Does that drive the acquisition? Probably not, but it does."

Taking sizable write-offs today can make earnings look rosier tomorrow. And some companies use huge restructuring charges that typically accompany mergers as a place to dump regular business expenses, increasing earnings in the process. Because earnings drive stock prices, big write-offs and expense-reduction tricks can be valuable in the short term.

Acquisitions also can bolster a stock another way, at least temporarily. The bigger a company's market value is — the stock price multiplied by the number of shares outstanding — the more likely it is to attract institutional investors. Their huge and growing pools of capital — pension funds, mutual funds and hedge funds — need places they can go to generate returns.

If a company has billions of dollars in market value, it means getting in and out of the investment is relatively easy for large investors — and ease of entry and exit is increasingly crucial to these investors.

The influx of money, then, gives the stock a boost. But big institutional investors can be fickle, and such money can flee the merged company when earnings growth appears to slow.

For the executives in a company being acquired, a merger can mean enormous instant wealth. For example, Lucio Noto, the chairman of Mobil, stands to collect at least \$6 million just by leaving if a sale to Exxon goes through and the board approves his "golden parachute" pay package. A company spokesman has said that Mr. Noto's deal to sell Mobil to Exxon was "in the best interests of the company."

But chief executives of the merged companies can also reap a rich reward from an acquisition, because their compensation is typically tied to earnings growth or the performance of the stock.

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SPORTS

For a Change, Tampa Foils Favre to Win Battle of Bays

The Associated Press
TAMPA, Florida — Warren Sapp sat at his locker, spitting tobacco juice onto a towel at his feet and savoring the taste of a victory over the Green Bay Packers.

Sapp, a defensive tackle, and his Tampa Bay teammates had sacked Brett Favre eight times and bagged a 24-22 victory, their first over Green Bay since 1995. The victory bolstered the Buccaneers' wild-card playoff chances and thrilled a sellout crowd attending the first Monday night game at Tampa in 15 years.

"This town has waited a long time for us to beat Green Bay down," Sapp said. "It's even more special that the whole country got to watch it."

The Packers had won six straight in the Battle of the Bays, usually because Favre outplayed Trent Dilfer. But this time Dilfer threw for two touchdowns and ran for another while Favre was harried into six fumbles.

Although the Packers recovered five of the loose balls, the scrambles typified their performance. Injury-riddled Green Bay fell behind, 14-3, early and spent the rest of the night trying to catch up.

"After playing these guys six times, we're beginning to think we're never going to win," said the Bucs' coach, Tony Dungy. "The difference was that we got ahead. In the past they're ahead early and controlled the game."

With three games left, Tampa Bay (6-7) climbed into a three-way tie with Arizona and New Orleans in the race for the final NFC wild-card spot. The Cardinals and the Saints hold the tiebreaker edge over the Bucs, who play Pittsburgh on Saturday.

"Our backs were against the wall," Dungy said. "They're still against the wall."

The game was less critical to the Packers (8-5), the two-time defending NFC champion, although they missed a chance to clinch a wild-card berth.

"Oh, we're definitely going to make the playoffs," the Packer running back Dorsey Levens said. "We're going to win the next three games."

They'll have to do it shorthanded. Plagued by injuries all year, the Packers lost their center, Frank Winters, to a broken leg, while the receiver Robert Brooks reinjured his hamstring.

"The injuries are unbelievable," Favre said. "We're losing guys right and left. We did a great job with who we had."

Green Bay outgained the Bucs rushing and passing, but spent too much time going backward.



The Packers' Brett Favre, No. 4, fumbling as he was tackled by the Buccaneers' Brad Culpepper. Warren Sapp, No. 99, backed up the play.

Although Favre was 29 for 41 for 228 yards, he often fumbled before he could throw. "It got kind of crowded in there with arms swinging and swiping at the football," said the Packers' coach, Mike Holmgren.

Brad Culpepper and Regan Upshaw had two sacks apiece. Jeff Gooch and Ronde Barber each forced two fumbles.

"We had to mount a pass rush that was unbelievable," Sapp said. "We got to Favre early, and he was uneasy in the pocket."

Favre's record against the Bucs is now 13-2. Dilfer, meanwhile, beat the Packers for just the second time in nine starts.

He had plenty of help. Jacquie Green and Bert Emanuel turned short passes into long touchdowns for an early lead.

The patterns were similar: quick slants on third-and-short with the receiver breaking into the clear. Green's score covered 64 yards, Emanuel's 62 yards.

"They get 14 points on two big plays," Holmgren said. "That's the way we've beaten them before."

The Packers closed within two points with 2:20 left, but Sapp and Culpepper sacked Favre at the Green Bay 38 on the final play, and the frenzied crowd of 65,497 gave one last cheer.

"There was a lot of excitement in the city all week, and our guys sensed that," Dungy said.

"We needed it to prove we could play with playoff teams and show what we can do when we're hitting on all cylinders."

Support for Hartford Stadium

Just over half of the Connecticut residents surveyed favor a plan by Governor John Rowland to build a stadium to lure the New England Patriots to Hartford. The Associated Press reported.

The poll by Quinnipiac College, which is not a state institution, found Rowland's \$375 million proposal was supported by 51 percent of respondents, while 39 percent were opposed.

Twenty-eight percent of those polled said they strongly favored the plan, and 23 percent were somewhat in favor of it.

But pollsters also found that many people thought the proposal gave too much to the Patriots' owner, Robert Kraft.

Forty-nine percent of those polled said the deal was too generous, while 31 percent disagreed and 20 percent were undecided.

"People believe the stadium will benefit Hartford's image and economy," said the poll director, Douglas Schwarz, on Tuesday. "The bad news is that the public thinks the deal is too generous to the Patriots and most residents doubt the stadium will pay for itself."

Governor Rowland has suggested using taxes on tickets and team salaries to cover most of the cost of the stadium. The phone poll found that 55 percent of those surveyed were not very confident or not confident at all that the governor's proposal would cover the costs.

Bad Call Brings an NFL Replay Vote

By Richard Sandomir
New York Times Service

NEW YORK — The National Football League said it would ask team owners to vote on using instant replays in the postseason playoffs and the Super Bowl, a move that came barely 24 hours after an official ruled incorrectly that the New York Jets' Vinny Testaverde had scored the game-winning touchdown against the Seattle Seahawks with 20 seconds to go.

The system would permit a coach to challenge officials' decisions twice per game and would probably also allow referees to review a disputed play in the last two minutes of a game if a coach had already used up his quota of challenges.

Such a system would have enabled Seattle's coach, Dennis Erickson, to challenge the ruling by Earline Frantz, the head linesman at the Seahawks-Jets game Sunday, that Testaverde had scored on a quarterback sneak. The television replay definitively showed that the ball did not cross the goal line.

"Everyone's greatest fear is what happened yesterday happening in the Super Bowl," Greg Aiello, a league spokesman, said Monday. He added, "We acknowledge today again that Testaverde hadn't scored."

Changes to the rules governing games are generally adopted between seasons, so the league's decision to call for an adjustment during the season reflected the seriousness of the situation and the league's acknowledgment that the credibility of its competition was being compromised.

Similar proposals to bring back the instant replay have failed with owners before the past two seasons, falling short of the required 23 votes. Now, with a 31st team, the Cleveland Browns, in the league, the proposal will need 24 votes to pass.

The league has not set a date for the vote but intends to spend the next few

days framing the proposal. The issue, as it has before, seems certain to generate intense debate over the imposition of technology on human judgment and the added burden on coaches to manage replay challenges as they do time-outs — and in this case, to do it for the first time under the pressures of postseason championship play.

Atiello said the league had canvassed the nine teams that voted against the instant replay in March and said several of those had expressed "a desire to vote for it for the postseason, as an insurance policy."

Commissioner Paul Tagliabue and his senior staff met for several hours to discuss the proposal, amid intense pressure from aggrieved teams, the news media and fans to bring back some form of instant replay. It was in effect from 1986 to 1991.

One vote that Tagliabue can count on will come from Ralph Wilson, the Buffalo Bills' owner who voted against the use of instant replay in March. "Anything is better than we have now," Wilson said. "Jeez, I'll vote for somebody spouting the bulls going over the field from a blimp."

Wilson raged at the league last week for "awful" officiating in the Bills' loss to New England on Nov. 29.

The other teams that voted against instant replay in March were Arizona, Chicago, Cincinnati, Kansas City, the New York Giants, Oakland, San Diego and Tampa Bay.

The Jets voted for replay in March, a reversal of a previous position. How the Jets will vote on the new proposal remains to be seen. Coach Bill Parcells said Monday: "I don't want the old system back. I don't want coaches' challenges. I only want the calls right."

Bob Moore, a spokesman for Kansas City, said that the Chiefs' coach, Marty Schenck, opposed the challenge system "because it puts coaches in the official business."

Jack Brennan, a Bengals' spokesman, said Mike Brown, the team owner, felt too much time was spent on replay in its earlier incarnation without much of a result — "and sometimes it wasn't even right."

Carmen Policy, the Browns' president and a longtime advocate of instant replay when he was the 1990s president, said he would vote for the plan. But he added, "What concerns me is, it might not be staged as positively as if it had more time. I hope this doesn't hurt it going into effect next season."

He said the past two weeks of criticism of league officiating, which began with a botched coin toss at the Pittsburgh-Detroit game on Nov. 26, had turned the tide of league thinking toward trying to bring instant replay back.

"Even if we didn't have instant replay for the playoffs, I think the chances of voting it in in March were good," Policy said.

The league experimented with the challenge system in 10 games each in the 1996 and 1998 preseasons.

In that system, coaches received two challenges. If they used a challenge during the last two minutes of each half, they were penalized with a time-out if their claim was proved wrong.

The system was a compromise between the 1997 plan that failed to get enough votes, in which each challenge cost a time-out, and the 1998 plan, which also fell short of approval, in which a time-out was lost if the challenge proved wrong.

As in the past, the new proposal is expected to limit challenges to plays involving ball possession: in-bounds calls; whether a touchdown is a touchdown; whether a ball has been fumbled, and whether a ball was actually caught.

If the league returns to instant replay, it would join the National Hockey League as the only major U.S. sport to have it.

For Sale: McGwire's 70th Home Run Ball

By Charlie Nobles
New York Times Service

FORT LAUDERDALE, Florida — Mark McGwire's historic 70th home run ball will be put up for bidding early next month by Guemsey's, an auction house in New York.

The ball was hit into the stands in St. Louis by McGwire on Sept. 27, the final day of a regular season in which McGwire, with 70, and Sammy Sosa of the Chicago Cubs, with 66, both broke Roger Maris's record of 61 homers, set in 1961.

Guemsey's will also auction the available balls for home runs 61 through 69 hit by McGwire and Sosa.

McGwire's 70th home-run ball was

retrieved by Philip Ozersky, 26, a scientist at the medical school at Washington University of St. Louis.

"They know how to pull off an auction of this size," Michael Freedland, the Fort Lauderdale attorney who represents Ozersky, said Monday of Guemsey's.

"And they're going to do an on-line auction simultaneously," he added.

After more than two months of siftiing through offers, Mr. Ozersky decided to open for the auction rather than accept other offers.

Three memorabilia collectors, represented by a St. Louis attorney, Alan Cohen, have offered \$1 million for the ball.

If the ball does not attract a min-

imum price at auction — which Freedland declined to divulge — Ozersky can retain rights to it. But it appears as if \$1 million is the threshold for a winning bid.

Freedland estimates Ozersky has received more than 500 inquiries about the ball.

The ball has been sitting in the St. Louis Cardinals' Hall of Fame for about two months, and was marked with synthetic DNA to make it certifiably identifiable.

Sosa was scheduled to be at a news conference at Trump Tower in Manhattan on Tuesday to announce the availability of the home run balls and to confirm his intention to autograph his most important ones.

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OBSERVER

Thoughts on Dentistry

By Russell Baker

NEW YORK — If God had truly made man in His own image, as widely alleged, there would be no dentists. No designer in his right mind, much less a perfect and omnipotent God, would have sent for teeth at the top of the human eating mechanism.

Had some draftsman shown Him blueprints featuring a tooth-equipped jaw, God would surely have said, "Pshaw! I can do better than that," and that would have been the end of teeth.

Instead, I spent two hours the other day with a mouth full of cotton, metal, slowly hardening plasters, rubber gloves and a variety of other people's fingers. After the usual moment of self-pity, I tried lifting a sinking spirit the good old-fashioned way: to wit, by looking on the bright side.

Suppose man had no teeth. Would politics be possible without teeth flashing to mask faces terrifying with insincerity? What would have become of the Kennedys, of Ronald Reagan, Jimmy Carter, Nelson Rockefeller, Teddy Roosevelt?

Think of George Washington with his famous false teeth and painfully clamped lips. Father of our country he may have been, but he lacked teeth that dazzle.

A world without teeth? It would mean lovers on tube and screen preparing to kiss with no sparkling incisors and canines to bare to the camera. Today's entertainment lovers go at each other with widely parted jaws and dripping teeth, like those lions on PBS that are always chewing on poor, helpless wildebeests.

With no toothpicks pouring off the factory line, how could we tell when the cake is done?

Yes, it is thin stuff, and two hours is long. The dental chamber, however, offered another distraction: television.

The set, mounted at ceiling height with its greedy salesman's eye staring down, was tuned to one of those perpetual news channels.

Two Congressmen spoke of their respect for the Constitution. Snow was falling on Western mountains. Children had murdered their parents. Parents had murdered their children. President Bill Clinton had let photographers show him exuding the look of leadership. Extravagantly paid athletes said they were being "disrespected."

□

Forced to watch this for two hours, I was astonished by the intense concentration on money. Commercial after commercial urged viewers to turn over money to this bank, that brokerage house.

Did banks and brokers advertise constantly — or at all — on TV before the present Golden Age of Money? It was as depressing as a Novocaine needle to sit there awash in all this appalling evidence that so many lives are now concentrated to the money game.

Money, money, money, money was apparently the perpetual news. There were minute-by-minute bulletins from Wall Street. The Dow was up, the Dow was down, the Dow was steady.

Actors posing as bankers and brokers were pleading for money and promising happiness, which apparently would ensue once you were chin deep in money. Was it for this that Americans died at the Alamo? And won the battle of Midway? And heroically suffered the consequences of faulty jaw design?

New York Times Service

By Mishi Saran

HONG KONG — The Sri Lankan Romesh Gunesekera is one of the many new voices that have emerged from what used to be British colonies.

Like many others from the Indian subcontinent from the Caribbean, from Africa, he incorporates flavors of his country into the English language, forging his own cadences and weaving stories that cross continents and cultures.

For many such writers, English is a first language that comfortably co-exists with local tongues — they often borrow from each other.

Gunesekera, who moved to Britain as a youth, found himself in the spotlight when his first novel, "Reef," was nominated for the Booker Prize in 1994. His lyrical prose and intensely poetic descriptions of Sri Lanka appeared to delight readers.

This year, Gunesekera published a second novel, "The Sandglass," this time about the history of Sri Lankan clans told through the eyes of Chip, a family friend who becomes close to one clan's matriarch, Pearl, and her children, Prins, Anoja and Ravi. The book begins with Pearl's death and traces Chip's attempt to understand her past.

"I write because that's the way I think, it's the way I live in a sense," Gunesekera said during an interview in Hong Kong. It is, he said, his way of creating a balance in the world.

His new story moves lazily between the years, shuttles back and forth between East and West and lingers over inconclusive conversations. The earlier poetry of "Reef" is scattered in careful, bite-size pieces instead of liberally splashed, the characters were flatter, but perhaps more sophisticated.

It is vintage Gunesekera, a careful picking apart of the past, a story straddling cultures and years and woven around things irretrievably lost.

In Hong Kong to teach a course,

Gunesekera sits in a sunny, abandoned classroom. If his answers spill into philosophical abstractions, he says, it is because he really does not have many concrete opinions.

What about that convoluted issue of identity? What space do you write from if you are a man in your early 40s, born to Sri Lanka, raised partly in Southeast Asia, who has lived a good many years in the United Kingdom?

Gunesekera is uneasy with labels, with par definitions and easy explanations. He studied philosophy, to see if it explained the intricacies of how people think — it did not help, he says, very. His bursts of laughter are more ironic than a sign of amusement.

"Identities are made out of history, mythology, invention and fiction quite a lot, they change, they're never set," he says. He mixes metaphors, he says, the way things refuse to stay in one place. In other words, hard to pin down into neat slots, rather like himself.

He does speak Singhalese, but has not lived in Sri Lanka for many years. Still, his writing is imbued with what can only be called Sri Lankan-ness in its settings, its characters and their concerns. Perhaps in the end, as Gunesekera would have us believe, there is no such thing as a concrete identity, just a set of individual or collective memories.

That, at any rate, is what some of his characters believe. In "Reef," the master of the house tells the young cook Triton: "We are only what we remember, nothing more. All we have is the memory of what we have done or not done; whom we might have touched, even for a moment."

"The Sandglass," too, is about remembering — whether one remembers simply what is convenient.

"Mortality. Things pass away, they disappear, die, all of that. Probably most novels are written for that reason," he says.

His works certainly display a desire to reach out and grab history as



comes before its time, he says. Gunesekera spent a good many years composing letters to editors, scanning rejections, unable to even admit consciously to himself that he wanted to be a writer.

Still, he had feedback from a loose group of elders, and he persisted. A writer could spend decades writing poems, even good poems, before figuring out that he was in fact meant to be a novelist, Gunesekera said. Yes, he wrote a good number of poems.

He confesses he often finds it difficult to finish books others have written — there is after all, no such thing as a good book. What people like to read changes with the years, he says. What one person finds appealing, another will spurn. In the end, the writer must judge his own work — harshly.

But as a writing teacher, he upholds the scathing criticism he applies to his own writing. He is encouraging and listens attentively to students read out their efforts.

It is interesting, he says, to read others' writing at a raw, unfinished stage. But teaching is exhausting to the imagination and writers finally must pour their energies into their own work. So he jealously guards his time and tries to limit his contact with people. "It's much easier to do an interview than actually sit down and write," he smiles.

Gunesekera lives with his wife and two daughters in London. (Like "Reef," which was given a title a few nerve-wracking moments before the book went to press, his daughters were named shortly before they were born).

He is content with the novel's form; he finds he can lace it with enough poetry for his satisfaction. And he still writes because he has to.

"There is not much choice about it. And one day I won't be able to write. Either the world will be in balance for me, or . . ." He does not finish the thought.

Mishi Saran is a writer in Hong Kong.

PEOPLE

THE FBI opened its Frank Sinatra files Tuesday, releasing more than 1,200 pages of documents touching on the Chairman of the Board's mob ties, unproven allegations of ties to the Communist Party and a mug shot from his 1938 arrest on "seduction" charges. The documents offered a hodgepodge of facts, allegations and rumors about Sinatra. According to the FBI, Sinatra had seen the material after filing a request in 1979 and 1980. The papers also indicate that the FBI received information on Sinatra from the columnist Walter Winchell. A 1944 Winchell item about alleged threats to kidnap Sinatra's baby was duly noted. And Winchell tipped the FBI that same year that Sinatra had paid \$40,000 for a 4-F draft classification during World War II. An investigation found Winchell's charge was baseless. The files were released in response to requests by news organizations under the Freedom of Information Act.

The model Cindy Crawford and her husband, Rande Gerber, escaped se-

rious injury after Gerber swerved his Jeep to avoid horses galloping on the Pacific Coast Highway in California and crashed into a cement mailbox. Paramedics flushed Crawford's eyes with water as a precaution against any possible glass fragments, but neither of them was hospitalized.

The John F. Kennedy Library and

Museum in Boston has presented its Profile in Courage Awards to the architects of the peace accord in Northern Ireland. Caroline Kennedy, daughter of the late president, credited the honorees with committing themselves to "reducing divisions between Unionists and Nationalists, and to building bridges between these proud communities for the future."

Robert Downey Jr. won praise from a municipal judge for making progress in drug rehabilitation but still has to complete his 100 hours of community service. "You're doing a lot better than you did in the past," Judge Lawrence Mira said at a hearing in Malibu, California. "Keep up the good work." Mira gave Downey six months to complete his community service. The actor was stopped for speeding in 1996 and the police found cocaine, heroin and a pistol in his vehicle. His probation was revoked and he was sentenced to six months in jail, but he was released in March after 113 days.

Changes Ordered at the Warhol Foundation

New York Times Service

NEW YORK — After a long investigation of the Andy Warhol Foundation for the Visual Arts in response to allegations of waste and mismanagement, the New York State attorney general has found that the foundation will have to comply with strict new financial controls.

The foundation must form an audit committee, hire a new chief financial officer and introduce tighter accounting and bookkeeping procedures. It must also open its books to the attorney general's office for review four times a year, rather than annually. Man Sansverie, chief of the attorney general's charities bureau, said he had found no legal wrongdoing by the foundation, which was created after the artist's death in 1987 to promote the visual arts. He declined to specify what led his office to impose the financial monitoring.

The jazz trumpeter Arturo Sandoval has become a U.S. citizen, eight years



CAPTIVE AUDIENCE — Queen Elizabeth the Queen Mother during a ceremony on Tuesday at a theater in London to unveil a statue of Sir Noel Coward, British actor and playwright, who died in 1973.



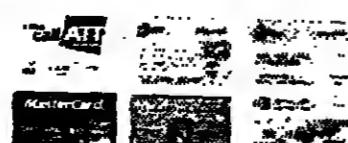
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